



**The Maryland-National Capital Park & Planning
Commission**
Employees' Retirement System

Governance Manual

Adopted by the ERS Board of Trustees

July 2024

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<https://www.mncppc.org/1644/Employees-Retirement-System>

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Introduction and Purpose

The Board of Trustees (the “Board”) of the Maryland-National Capital Park and Planning Commission (the “Commission”) Employees’ Retirement System (the “ERS”) recognizes that sound governance practices are essential to fulfilling its fiduciary duties and responsibilities. This Governance Manual (“Manual”) has been prepared to explain the roles, responsibilities, policies, procedures, and activities of the Board and ERS. It also serves as an orientation guide for new Trustees and an ongoing reference manual for the Board and ERS Staff (“Staff”).

The contents of this Manual are to be construed in harmony with federal and state law. If anything in this Manual is contrary to law, the law prevails. Nothing in this Manual shall replace or supersede anything in the Trust Agreement between the Board and Commission dated July 26, 1972 and amended June 13, 1979, November 15, 2000, and September 16, 2009, the Memorandum of Understanding between the Board and Commission dated February 11, 1982 or the Plan Document established July 1, 1972 and amended periodically with respect to the duties of the Board. Any questions about the contents of this Manual can be directed to the Chair of the Board (“Chair”), Executive Director for the ERS (“Executive Director”), and/or Legal Counsel.

The Board will review the policies and overall content of the Manual periodically. The Board is empowered to make policy or procedure modifications to the Manual by a simple majority vote.

The purpose of this Manual is to:

- Describe the roles and responsibilities of the Board, the individual Trustees in their role as such, and the standing committees of the Board.
- Establish a Board Meeting Protocol and committee charters to provide for the manner in which the Board will conduct itself to enable the Board to carry out its responsibilities as effectively and efficiently as possible, and in accordance with the Trust Agreement, Memorandum of Understanding, Plan Document, and applicable law.
- Set forth, and ensure compliance with, policies and procedures established by the Board to fulfill its statutory and fiduciary responsibilities.
- Facilitate the organized, efficient, and cohesive functioning of the Board.
- Guide the Board in administration of the ERS in carrying out its mission.
- Facilitate effective communication among the Trustees, Staff, members, and other external parties.
- Define responsibility and accountability between the Board and Staff for hiring, monitoring, and terminating Investment Managers, Service Providers, and Staff.
- Document the method by which the Board will evaluate the Executive Director on an annual basis.

- Annually conduct a Board self-evaluation.
- Establish a vision, mission, core values and strategic plan for the ERS.

Overview of the Retirement System

History

The ERS covers employees of the Commission, a body corporate of the State of Maryland, established by the Maryland General Assembly in 1927. The Commission is the bi-county agency empowered to acquire, develop, and administer a regional system of parks in the defined Metropolitan District, and to prepare and administer a general plan for the physical development of a defined Regional District for Montgomery and Prince George's Counties. The ERS was established as a single employer defined benefit pension plan effective, July 1, 1972, in accordance with the Trust Agreement between the Commission and the Board. Prior to that date, Commission employees were covered under Maryland's State Retirement System ("Maryland State"). Employees who were covered by Maryland State were given the option of remaining with Maryland State or transferring to the ERS. Revisions to the Social Security tax structure and other fiscal considerations made it prudent to develop a new retirement plan, based on the principle of Social Security excess. Therefore, effective January 1, 1979, the Plan became The Maryland-National Capital Park and Planning Commission Employees' Retirement System, encompassing three defined benefit plans: Plan A, the original plan; Plan B, for non-police, integrated with Social Security; and Plan C, only for Park Police. Commission Park Police are not covered by Social Security.

On July 1, 1990, a collectively bargained Plan D replaced Plan C, which was closed, and all members transferred to the new Park Police Plan D. Effective July 1, 1993, again as a result of collective bargaining with the Park Police union, Plan D was closed to new employees, and Plan C was amended and reopened to provide benefits for Park Police Officers hired after July 1, 1993. Pursuant to a 2002 collective bargaining agreement, Plan D members were given a one-time election to transfer to Plan C on or before October 25, 2002.

Faced with continued fiscal challenges, the Commission approved a new defined benefit plan designated as Plan E for all non-police employees, Commissioners and appointed officials hired on or after January 1, 2013. Therefore, effective December 31, 2012, Plan B was closed to new employees.

Currently, the ERS consists of five (5) defined benefit pension plans: Plan A, the original plan; Plan B, for non-police, Plans C and D, for park police; and, Plan E, for non-police and appointed officials hired on or after January 1, 2013.

The administrative operations of the ERS are the responsibility of the Executive Director and Staff employed by the Board. The Plan Document establishes all benefit provisions. The Commission reserves the right to amend the provisions of the ERS, consistent with the Trust Agreement, provided that no amendments may adversely affect the benefits that have accrued prior to the effective date of such amendment, except as may be legally required to continue to qualify the ERS under section 401(a) of the Internal Revenue Code, or any successor thereto of similar importance.

Mission Statement

The Mission of the ERS is to prudently manage, protect, diversify, and administer the funds for the sole benefit of the members and beneficiaries to ensure sufficient assets are available to pay the promised benefits.

Our Core Values

- Quality Customer Service
- Accountability and Transparency
- Professionalism and Respect
- Trustworthiness and Stewardship

Roles and Responsibilities

Composition of the Board of Trustees

The Board consists of 11 Trustees as adopted by the Commission on July 24, 2001 and set forth in the Plan Document.

- Two (2) Commissioners (one from each Montgomery County and Prince George's County)
- The Commission Executive Director, Ex-Officio
- The Commission Secretary-Treasurer, Ex-Officio
- Three (3) Open Trustees (one from each Montgomery County and Prince George's County, and one from the Bi-County office, effective July 2003)
- Two (2) Public Trustees (one from each Montgomery County and Prince George's County)
- Two (2) Represented Trustees (one MCGEO Employee Representative and one Fraternal Order of Police Representative)

Powers of the Board

The powers of the Board are defined and set forth in the Trust Agreement, the Memorandum of Understanding, and the Plan Document. The authority of the Board is outlined below:

- The Board shall interpret the provisions of the Plan Document. The Board's interpretations are final and conclusive.
- The Board's principal responsibility is to oversee the ERS; to hold in Trust all funds for the sole benefit of members and their beneficiaries; to administer the Plan and collection of contributions to the Plan; to invest and reinvest the Trust Fund; to maintain an ongoing evaluation of retirement provisions; and to recommend amendments to the Commission.
- The authority of the Board is a collective one, and accordingly, no individual Trustee can assume any action, decision, or endeavor on behalf of, or in lieu of, the Board.
- The Board shall invest and administer the Trust Fund pursuant to the Trust Agreement and other powers granted by law.
- The Board shall ensure the distribution of all benefits from the Trust Fund in such form and amounts, at such time and to such members and beneficiaries as prescribed in the Plan Document.
- The Board shall recommend to the Commission the contributions to the Trust Fund to be made by the Commission.
- The Board shall take or authorize the taking of any legal action, which may be necessary for the protection, or administration of the ERS.

Roles and Responsibilities of the Board

A summary of Board responsibilities is listed below:

- The Board shall establish policies and guidelines for the effective and efficient administration of the ERS.
- To accomplish its oversight responsibility, the Board established a chain of command and delegation of authority to promote operational effectiveness and accountability. The following guidelines help Trustees to interact effectively and efficiently with the Executive Director and Staff within the framework of the established chain of command.
 - Collective Authority:

The Board collectively is empowered to direct the Executive Director and Staff on all matters of its operations. Normally, this authority is exercised through the Chair's supervision of the Executive Director. The orderly conduct of the operations requires

Board management directives be handed down from the Chair to the Executive Director. The Executive Director is then responsible for directing actions of the Staff. Under extraordinary circumstances, if the Board determines that the Staff's ability to faithfully serve the interests of the ERS has been compromised; the Board may collectively initiate corrective action that temporarily circumvents any part of this chain of command.

- Individual Board Member Authority:

Each Trustee shares in the Board's oversight responsibility but may issue directives to the Executive Director and Staff only in conjunction with the full Board through the Chair or one of its committees if so empowered to do so. However, the Chair or Vice Chair of the Board or the Chair of a committee may in extraordinary situations, when the Chair or Vice Chair are unavailable and if the interests of the ERS justify urgent or confidential action, take emergency measures to protect the interests of the ERS without prior Board approval, on the condition that full disclosure to the Board is made and Board approval is obtained in a timely manner.

- The Board shall appoint an Executive Director who shall serve as executive officer to the Board, and under the general direction of the Board shall plan, organize, direct, and supervise the activities, budget, and operations of the ERS and Staff.
- The Executive Director shall be directed by, serve at the pleasure of, and may be dismissed at the will of the Board.
- The Board shall determine the compensation for the Executive Director. A simple majority is required to affirm the appointment, wages, and wage adjustments of the Executive Director.
- The Board shall approve, upon recommendation of the Executive Director, the staffing requirements, and salaries for Staff.
- The Board shall annually prepare and present to the Commission an operating budget and any supplemental expenditure requests for approval.
- The Board shall present to the Commission for information an estimate of projected technical expenses such as actuarial, audit, investment services, banking services and any other technical services.
- The Board shall pay for the cost of services performed by Commission departments.
- The Board shall ensure the payment of salaries, wages, benefits, and other operating and technical expenses of the ERS.

- The Board shall select and terminate Investment Managers and Service Providers (excluding the Auditor – See Audit Committee Charter) required to manage a comprehensive program.

Roles and Responsibilities of the Chair and Vice Chair

Note: This Governance Manual uses the terms “Chair” and “Vice Chair” in place of the terms “Chairman” and “Vice Chairman,” which have been used in previous Board documents. This update is not intended to modify in any way the effect or meaning of any previously adopted Board documents. In all previously adopted Board documents, the term “Chairman” shall be considered synonymous with “Chair” and the term “Vice Chairman” shall be considered synonymous with “Vice Chair.”

- The Board shall elect from its voting membership a Chair and Vice Chair, who shall serve for a period of two years. Elections should be held at the end of the June meeting, unless a vacancy occurs earlier. Terms are effective July 1st of each election year.
- The Chair shall preside over all Board meetings.
- The Chair shall be the ceremonial representative and spokesperson for the Board.
- The Chair shall sign all contracts, bonds and other documents requiring the signature of the Chair as outlined in the Procurement Policy. The Executive Director will attest to the Chair’s signature.
- The Chair shall approve travel and training requests and reimbursable expenses for the Board and the Executive Director.
- The Chair shall approve the leave for the Executive Director.
- The Chair shall approve all due diligence visits to Investment Managers and Service Providers by any Trustee or Staff, and the substance of these meetings shall be fully reported to the Board.
- The Vice Chair will approve reimbursable expenses for the Chair.
- The Chair may appoint committees, as necessary, to carry out the business of the Board as evidenced by a committee charter, subject to Board approval.
- The standing committees are the Investment Monitoring Group, the Audit Committee, and the Administration & Personnel Oversight Committee.
- The Chair shall appoint the Chair of each committee, subject to Board approval.
- The Chair shall make committee assignments for each trustee, subject to Board approval.
- The Chair and/or the Vice Chair may serve as ex-officio members of each committee but shall not serve as Chair of the committees.

- The Chair and Vice Chair, acting as ex-officio members of a Committee, shall not be counted in determining the number required for a quorum or whether a quorum is present at a committee meeting.
- The Chair may refer any communication or issue to a standing committee and/or create an ad hoc committee, subject to Board approval.
- The Vice Chair shall be elected by and from the Board and in the absence of the Chair assume the duties and responsibilities of the Chair.
- The Vice Chair will perform other duties as may be assigned, from time to time, by the Chair or the Board.

Roles and Responsibilities of the Executive Director

Note: This Governance Manual uses the term “Executive Director” in place of the term “Administrator,” which has been used in previous Board documents. This change is not intended to modify in any way the effect or meaning of any previously adopted Board documents. In all previously adopted Board documents, the term “Administrator” shall be considered synonymous with “Executive Director.”

The Executive Director is primarily responsible for the implementation of Board policies and directives; overall management and operation of the ERS; and strategic planning. The Executive Director provides leadership in planning, and development of short and long-term strategies for accomplishment of the vision, mission, core values, goals, and objectives of the ERS; recommends organizational and administrative structure; and implements Board policies and procedures, which are required by the Board to discharge its statutory and regulatory responsibilities. The Executive Director reports directly on day-to-day operational matters to the Chair of the Board. All policy decisions require the action of the full Board.

A summary of responsibilities is listed below.

- The Executive Director shall manage the day-to-day operations of the ERS consistent with established rules, regulations, and policies of the Board.
- The Executive Director shall assist the Board in making timely decisions by providing information and identifying the potential impact of policy changes on the ERS.
- The Executive Director shall supervise and manage the day-to-day operations of the ERS office.
- The Executive Director shall hire, supervise, evaluate, and terminate Staff.
- The Executive Director shall develop individual performance plans, mid and end of year appraisals and coordinate professional development and training programs for Staff.
- The Executive Director shall maintain and supervise the Trust Fund’s accounting, record keeping, information technology, benefit processing and member relations functions.

- The Executive Director shall coordinate, on behalf of the Board, directions to the Investment Managers, Consulting Actuary, Auditor, Investment Consultant, Custodian, Legal Counsel, and other Service Providers as necessary.
- The Executive Director, in consultation with the Investment Consultant, is authorized to rebalance asset class exposures and transfer assets by purchase or sale between Investment Managers to accomplish rebalancing, cash management needs, and to pay capital calls, as necessary and prudent, and to report any rebalancing activity to the Board without any unnecessary delay.
- The Executive Director shall work cooperatively with consultants and other professionals to ensure the optimal operation of the programs and services.
- The Executive Director shall oversee, and review reports prepared by the Board's service providers and provide information to the Board.
- The Executive Director shall review and update procedures for monitoring the performance of outside service providers against stated deliverables, budgeted expenses, and contractual requirements.
- The Executive Director shall prepare and issue Request for Proposals to engage consultants and other outside service providers and participate in joint Requests for Proposals with the Commission when in the best interests of the ERS.
- The Executive Director shall participate in the review of potential service providers.
- The Executive Director shall develop and recommend to the Board contracts as appropriate for services and Staff.
- The Executive Director shall sign all contracts within the limits outlined in the Procurement Policy.
- The Executive Director shall serve as the Board's liaison in negotiating contracts and service fees.
- The Executive Director shall provide operational and policy recommendations and implement programs, recommendations and directives approved by the Board.
- The Executive Director shall oversee the preparation of the Board and committee meeting packets, including the agenda, and supporting documentation.
- The Executive Director, or designee, shall ensure the timely notice of meetings and posting of the Board agendas and minutes to comply with the Maryland Open Meetings Act.
- The Executive Director, or designee, shall record in the Board Minutes the time and place of each meeting of the Board, the names of the Trustees present and not present, all official acts of

the Board, the votes given by Trustees, except when the action is unanimous, and when requested, a Trustee's dissent or abstention with their reasons.

- The Executive Director, or designee, shall prepare a report of each committee meeting with recommended actions for the Board's approval.
- The Executive Director, or designee, shall ensure compliance with the Maryland Public Information Act in response to public requests for materials.
- The Executive Director shall ensure the maintenance of member records, secretariat, and the official actions of the Board. The Executive Director shall maintain a filing system in accordance with the Retention Schedule on file with the State of Maryland Department of Records Management.
- The Executive Director shall ensure that benefits are handled accurately, efficiently, and in compliance with the Plan Document and approved policies.
- The Executive Director shall provide Staff support to the Board as requested and required.
- The Executive Director shall participate in the orientation, continuous education, and training of the Board and Staff.
- The Executive Director shall serve as liaison with other retirement systems and professional organizations.
- The Executive Director may serve as the spokesperson for the Board at the Chair's request.
- The Deputy Executive Director may act in the absence of the Executive Director.

Board Committees and Assignment

The Board has taken the position, in consultation with Legal Counsel, that its committees are not subject to the Maryland Open Meetings Act. Charters for the Investment Monitoring Group, Audit Committee and Administration & Personnel Oversight Committee follow.

Investment Monitoring Group Charter

Purpose

The purpose of the Investment Monitoring Group ("IMG") is to assist the Board in fulfilling its duty for overall management of the investment program by providing investment oversight, including reviewing and monitoring investment performance of the assets, investment-related service providers, and making recommendations to the Board related to policies, investment guidelines, asset allocation, investment management, including custody and other assignments as directed by the Board.

Authority

The IMG was appointed by the Chair of the Board to carry out the business of the Board. The IMG has the authority to make recommendations to the Board within the scope of its responsibilities.

Composition and Staffing

The IMG consists of no fewer than three (3) and no more than five (5) Trustees.

In performing due diligence, the IMG will work with the Executive Director, Investment Consultant, and Legal Counsel to carry out its responsibilities.

Meetings

The IMG generally meets six (6) to eight (8) times on the third Tuesday of the month, or more or less frequently as needed, throughout the calendar year to conduct business.

Responsibilities

The IMG has the following responsibilities:

- Recommend, in conjunction with the Investment Consultant, specific investment strategies, searches, and/or the engagement or termination of Investment Managers to achieve the investment goals and objectives.
- Recommend contract amendments, including fee changes.
- Recommend policies and investment guidelines for the investment of assets.
- Approve transition strategies and selection of transition managers as recommended by the Investment Consultant.
- Review the Investment Consultant's Conflict Disclosures, as needed.
- Review guideline violations, contract breaches, and make recommendations to the Board.
- Provide a system for monitoring the returns on assets and to review the performance of the assets and Investment Managers against index, peer group, actual return targets and Statement of Investment Policy.
- Present to the Board a report for each meeting, including recommendations, if any, for approval by the Board.
- Perform investment-related assignments as directed by the Board.
- Review Requests for Proposal responses for investment consulting services and recommend finalists for presentation to the Board in accordance with the Procurement Policy.
- Recommend the termination of the Investment Consultant and changes to the investment consulting services agreement.

- Review responses to Requests for Proposal or Requests for Information for custodial services and recommend finalists for presentation to the Board in accordance with the Procurement Policy.
- Recommend the termination of the Custodian Bank and changes to the custodial services agreement, including fee amendments.

The IMG has the following annual responsibilities:

- Monitor and evaluate the relationship and performance of the scope of services provided by the Investment Consultant and any associated conflicts of interest between the Investment Consultant and any Investment Managers.
- Review and recommend amendments to the Statement of Investment Policy.
- Review the Disclosure Report from the Investment Consultant for the December 31st deadline.
- Prepare a Work Program annually for approval by the Board.

The IMG has the following biennial responsibilities:

- Review and recommend amendments to the Investment Manager Monitoring Policy.
- Review the results of the Investment Consultant's cost analysis and securities lending review and make recommendations to the Board, if appropriate.
- Monitor compliance with policies and investment guidelines approved by the Board.
- Monitor and evaluate each Investment Manager, in conjunction with the Investment Consultant, in accordance with the Investment Manager Monitoring Policy.
- Conduct an evaluation of the Custodian Bank that includes a process to review the internal control reports from its independent auditor.

Audit Committee Charter

Purpose

The purpose of the Audit Committee is to assist the Board in fulfilling its responsibility for quality financial reporting by providing independent review and oversight of the ERS financial reporting process, internal controls, and independent auditors.

Authority

The Audit Committee was established by Board action at its meeting of October 7, 2008.

On October 7, 2008, in response to private sector developments with respect to audit committees as required by the Sarbanes-Oxley legislation and a Recommended Practice updated by the Government Finance Officers Association of the United States and Canada, and a recommendation by independent auditors for the ERS, an audit committee was established.

Composition and Staffing

The Audit Committee will consist of at least three (3) and no more than five (5) Trustees. None of the Trustees may exercise managerial responsibilities that fall within the scope of the audit. All Trustees of the Audit Committee shall possess or obtain a basic understanding of governmental financial reporting and auditing. Two Trustees shall constitute a quorum if the Audit Committee consists of three Trustees. Three Trustees shall constitute a quorum if the Audit Committee consists of more than three (3) Trustees. The Executive Director shall serve as secretary of the Audit Committee except when it meets in closed session. The Chair of the Audit Committee serves as secretary of the Audit Committee when it meets in closed session. The Audit Committee is assisted by such ERS staff as it may require.

The Audit Committee shall have access to the services of at least one independent financial expert, if deemed necessary. Such a financial expert should through both education and experience, and in a manner specifically relevant to the government sector, possess:

- An understanding of generally accepted accounting principles and financial statements.
- Experience in preparing or auditing financial statements of comparable entities.
- Experience in applying such principles in connection with the accounting for estimates, accruals, and reserves.
- Experience with internal accounting controls; and
- An understanding of audit committee functions.

Meetings

The Audit Committee generally meets two (2) times a year, usually prior to the start of the audit and at the end of the audit, or more or less frequently as needed, to carry out its responsibilities.

Responsibilities

The Audit Committee shall:

- Be responsible for the appointment, termination, compensation, retention, and oversight of the work of any independent accountants engaged for the purpose of preparing or issuing an independent audit report or performing other independent audit, review, or attest services.
- Review the Auditor's proposed audit scope, approach, and work plan.

- Review the findings and recommendations of the Auditor, Management’s responses and actions taken to implement the audit recommendations.
- Review with the Auditor significant accounting and reporting issues and their impact on the financial statements, including any significant issues related to review of the Annual Comprehensive Financial Report.
- Review with Management and the Auditors the results of the financial statement audit, including any difficulties encountered and any significant adjustments proposed by the Auditors.
- Review all significant recommendations by the Auditors for improved financial reporting and internal control.
- Review with Management and the Auditor all matters required to be communicated to the Audit Committee under Generally Accepted Governmental Auditing Standards.
- Establish procedures for the receipt, retention, and treatment of complaints regarding accounting, internal accounting controls, or auditing matters.
- Periodically review internal controls, which are designed to prevent or detect fraud or material misstatement.
- Be authorized to engage and terminate the services of financial experts, legal counsel, and other appropriate specialists, as necessary to fulfill its responsibilities.
- Meet at least twice a year with the outside Auditors. Report the results of such meetings to the full Board including how it met its responsibilities and stating that it has discussed the financial statements with Management, with the independent Auditors in private and privately among committee members. This report should confirm that the financial statements are fairly presented to the extent such a determination can be made solely on the basis of such conversations. Meetings with the Auditors may be held in closed session if the committee so desires.

Administration and Personnel Oversight Committee Charter

Purpose

The purpose of the Administration & Personnel Oversight Committee (“Personnel Committee”) is to assist the Board in fulfilling its duty to oversee the effective and efficient administration of the ERS by ensuring establishment and maintenance of appropriate governance policies; overseeing personnel, compensation and benefit-related issues for the Executive Director and Staff; and providing input concerning the operating budget, financial statements, organizational structure and succession plan for the ERS.

Authority

The Personnel Committee was re-established by the Chair of the Board effective May 7, 2002 to carry out the business of the Board. The Personnel Committee has the authority to make recommendations to the Board within the scope of its responsibilities.

Composition and Staffing

The Personnel Committee consists of no fewer than three (3) and no more than five (5) Trustees.

In performing due diligence, the Personnel Committee will work with the Executive Director, the Actuary, and Legal Counsel to carry out its responsibilities.

Meetings

The Personnel Committee generally meets six (6) times on the third Tuesday of the month, or more or less frequently as needed, throughout the calendar year to conduct business.

Responsibilities

The Personnel Committee has the following annual responsibilities with recommendations requiring Board approval:

- Recommend a proposed Operating Budget and any subsequent proposed budget amendments.
- Monitor compliance with the approved Operating Budget by reviewing quarterly financial statements and budget vs. actual and reporting findings to the Board.
- Recommend proposed amendments to the Memorandums of Understanding with the Commission related to IT, Legal, and Archive services.
- Review the mid-year and annual performance of the Executive Director and recommend annual compensation or other terms and conditions relating to employment of the Staff.

The Personnel Committee has the following general responsibilities:

- Recommend administrative policies and procedures, including proposed amendments to the Manual, and ensure appropriate governance practices on the part of the Board.
- Recommend the appointment and termination of the Actuary and recommend changes to the actuarial consulting services agreement.
- Recommend the appointment of an Actuarial Auditor, if needed.
- Lead in the search and interview process, and provide a recommendation for the appointment of the Executive Director of the ERS.

- Lead in the oversight of the employment contract negotiation process for the Executive Director of the ERS and recommend the employment contract for Board approval.
- Review the Report of Recognition Awards granted by the Executive Director, as necessary.
- Review staff reclassification requests, position recommendations from the Executive Director, in conjunction with the Commission's Classification & Compensation Team, or outside consultant, and approve and report non-standard pay adjustments to the Board.
- Recommend resolution of Staff appeals, as necessary.
- Ensure ERS staff contracts are current.
- Recommend approval by the Chair of the Retention Incentive Agreements upon recommendation of the Executive Director.
- Recommend a succession plan to ensure continuity of senior management and/or critical positions.
- Perform miscellaneous assignments as directed by the Board.
- Prepare a Work Program annually for approval by the Board.
- Provide a recommendation for Public Member Trustees.
- Present to the Board a report for each meeting, including recommendations, if any for approval by the Board.

Board Meeting Protocol

Annual Schedule

Before each calendar year, the Board shall approve an annual meeting schedule to meet in regular session on scheduled days, times, and locations. Timely notice of meetings shall be provided to the public to comply with the Maryland Open Meetings Act.

No additional notice shall be necessary for any regular meeting that is held on the date specified in the yearly schedule approved by the Board.

In the case of a regular meeting to be held on a date different from the approved schedule, written notice shall be provided by the Executive Director or a designee and posted on the website as soon as practicable after the date, time and place of the meeting have been fixed, but not less than 10 days in advance of such meeting. As determined by the Chair, this does not apply in emergency situations (i.e., inclement weather) in which case notice as is practicable under the circumstances is acceptable.

Attendance Requirements

Trustee absences, excused and unexcused, will be reported through the Executive Director to the Chair.

Trustees who are unable to fulfill 75% of the attendance requirements of the Board's yearly schedule of meetings will be given an opportunity to resign from the Board. Excused absences will not count in the calculation of the attendance requirement.

Public Trustee Stipend

In 1982 the Commission approved the use of a stipend (or per diem expense allowance) for the two Public Trustees on the Board for participation at regular and special Board meetings. At its June 19, 2019 meeting, the Commission approved increasing the stipend to \$150 for all Board and Committee meetings.

Electronic Meetings

Meetings of the Board may be held using video conferencing technology, such as Microsoft Teams. All electronic meetings shall be held in full compliance with the Maryland Open Meetings Act.

Location

A meeting location will be designated in advance for a meeting.

Special Meetings

The Board may conduct a special meeting subject to the following conditions:

The Chair of the Board has determined that (a) such action is required before the next regularly scheduled meeting.

The nature of business to be conducted or the action to be taken is limited to matters: (a) involving proposed actions that conform both to legal and investment advice and (b) (i) that have been expressly authorized by the Board for action without a meeting in person or (ii) that are administrative or ministerial in nature as determined by the Chair;

The meeting complies with the Maryland Open Meetings Act, as applicable; and

Notice of any special meeting shall be in writing and shall be delivered not less than two (2) days in advance of such meeting.

Notice to be sent within two (2) days of the special meeting shall be sent by email to ensure receipt of such notice prior to the meeting.

The Chair or Vice Chair may call a special meeting by specifying time, date, place, and purpose of the meeting.

Any five (5) Trustees (excluding the Chair and Vice Chair) may call a special meeting of the Board.

Emergency Meetings

When in a “catastrophic emergency,” the business of the Board can be conducted by as many Trustees as may be reasonably available, but not less than five (5) Trustees, the Executive Director and/or a designee, the Investment Consultant, and Legal Counsel. The group as so determined would constitute a quorum to conduct the business of the Board and would fix the time and place of meeting to carry on the business of the Board during the period of the catastrophic emergency. For the purposes of the section, a “catastrophic emergency” means a period during which prompt action by the Board is necessary to preserve the assets of the Trust Fund or otherwise prevent loss to the Trust Fund or its members and beneficiaries, but it is impossible for the Board to conduct its business in accordance with the strict provision of law because of extraordinary loss of life, disease, destruction or damage to property, or disruption of means of transportation and communication.

Meeting Notification

Reasonable written notice of the date, time and place of all regular and special meetings shall be provided in compliance with the Maryland Open Meetings Act.

The Chair, or the Executive Director, shall provide adequate notice at least seven (7) calendar days, for a non-emergency cancellation of a Board meeting. This guideline does not apply to the case of inclement weather and disaster conditions.

Agendas/Consent Agenda

The Executive Director, in collaboration with the Chair, shall prepare the agenda for all Board meetings, including the designation of requested actions by the Board.

Trustees, Staff, and others wishing to place items on the agenda may do so by notifying the Chair and/or Executive Director, in writing, no later than 2 weeks prior to the regularly scheduled or special meeting of the Board. Exceptions may be granted at the discretion of the Chair or Executive Director.

The request should specify the nature of the item to be placed on the agenda and include any documentation which is to be included with the Board packet.

The Chair shall require approval of the agenda at the beginning of each meeting. In the absence of instructions from the Board, the order of business set forth on the agenda shall be at the discretion of the Executive Director.

Both information items and action items can be designated as consent items. All consent items will appear together as the first items on the Board agenda and may be adopted together following a motion to approve the consent agenda that is seconded and then passed by majority vote. Trustees may ask that a matter be removed from the consent agenda and that request shall be effective without further action. If a matter is removed from the consent agenda, it shall be discussed at a point in the meeting deemed appropriate by the Chair. There shall be no discussion or presentations made concerning items that remain on the consent agenda.

Materials

To the extent practical, the agenda and related materials for Board meetings shall generally be distributed to Trustees at least seven (7) calendar days in advance of the meeting. The agenda shall be made available to the public as soon as practicable before a meeting in accordance with the Maryland Open Meetings Act. Members of the public wishing to obtain copies of the materials may do so to the extent and in the manner the materials are available under the Maryland Public Information Act.

Quorum and Voting

Except as provided for in an Emergency Meeting, a simple majority of all Trustees shall constitute a quorum for the purpose of taking or authorizing any action or duty under, or pursuant to the Trust Agreement.

Each Trustee shall be entitled to one vote and may not designate another Trustee to sit, act or vote on their behalf in the Trustee's absence.

Each Trustee shall publicly announce any potential or actual conflict and abstain from voting prior to a vote on any matter which may reasonably be a conflict of interest.

Voting at an electronic meeting shall be done by roll call vote taken by the Executive Director at the instruction of the Chair.

Unanimous Consent/Action in Lieu of Meeting

The Board may act in lieu of a meeting by means of unanimous written consent returned and delivered to the Executive Director by mail, courier, or electronic mail; subject to each of the following conditions:

- The action does not involve evaluation, selection, or termination of Investment Managers, Service Providers, or the Executive Director.
- The Chair of the Board has determined that such action is required before the next regularly scheduled meeting.
- The Board has previously discussed the specific matter and each Trustee has received information pertaining to the specific matter during a regular or special meeting properly convened.
- The nature of business to be conducted or the action to be taken is limited to matters:
(a) involving proposed actions that conform both to legal and investment advice; and (b)
(i) that have been expressly authorized by the Board for action without a meeting in person, or (ii) that are administrative or ministerial in nature as determined by the Chair.
- Each Trustee records their name with each action returned and, if delivered by electronic transmission, includes an electronic signature in compliance with the Maryland Uniform Electronic Transactions Act.

- Each Trustee shall execute a waiver of written notice which shall be approved by Legal Counsel as to form and legal sufficiency.
- The action enjoys unanimous consent.
- The Executive Director shall present to the Board for inspection all actions taken, or proposed to be taken, by unanimous written consent during the next succeeding meeting of the Board, and the canvass shall be recorded in the minutes taken at that time.
- Consents received by the Executive Director shall be filed in paper or electronic form, as applicable, with the minutes.

Conduct of Meetings

Rules of Order

The general conduct of Board meetings shall be in accordance with Robert's Rules of Order.

The Board meetings will be held in open session. The Board may meet in closed session as provided in the Maryland Open Meetings Act.

Board Action Validity - Rules of Order

A Board action that is otherwise valid is not invalid because of the failure to follow Robert's Rules of Order.

Board Action Validity – Board Policies

Unless otherwise prohibited by law, if Board action is taken in a manner not in accordance with its policies, that action is valid unless a majority of Trustees vote to rescind the action. A vote to rescind a Board action which was taken in a manner not in accordance with its policies must be taken no later than the first meeting after the distribution of the draft minutes which refer to the relevant Board action, but in no event later than the next Board meeting.

A Trustee may waive notice of any meeting by:

- Before or after the meeting, executing, and delivering to the Executive Director, by U.S. mail, expedited delivery, courier, facsimile or electronic mail a written waiver of notice, which shall be approved by counsel as to form and legal sufficiency; or
- Attending such meeting.

Fair and Equitable Treatment

The Board shall provide fair and equal treatment for all persons, and matters coming before the Board or any committee. Trustees shall listen courteously to all discussions at meetings; abide by the

Governance Manual; and refrain from abusive or disruptive conduct, personal charges or verbal attacks upon the character, motives, ethics, or morals of others.

Minutes

Requirements

The Board shall maintain an accurate record of its proceedings. The Executive Director and/or designee must take minutes of all meetings of the Board. Minutes of a closed session meeting must be kept separate from minutes of the open meetings. All minutes must be prepared, distributed, and maintained in accordance with the Maryland Open Meetings Act.

Approval Process

Draft minutes shall be presented to the Board for correction and approval at the next regular meeting. Minutes shall be signed by the Executive Director, or designee, and the Administrative Specialist, if applicable, and become a permanent record of the Board.

Distribution

The approved minutes shall be provided for inclusion in the Commission's next regular meeting for informational purposes. The Executive Director will post the approved minutes on the website as soon as practicable after the meeting.

Resolutions

Certain actions of the Board will be evidenced by a resolution that must be contained in the minutes of the Board. (i.e., a resolution appointing the Chair and Vice Chair).

Commission Approval

Certain actions of the Board require subsequent approval by the Commission in accordance with the Trust Agreement and Memorandum of Understanding.

Committees

The Board has taken the position, in consultation with legal counsel, that its committees are not subject to the Maryland Open Meetings Act.

Committees are appointed by the Chair, subject to Board approval, as necessary, to carry out the business of the Board. The Chair shall appoint the Chair of each committee, subject to Board approval.

The standing committees are the Administration & Personnel Oversight Committee, the Investment Monitoring Group, and the Audit Committee. Please refer to the committee Charters for descriptions of each committee.

The Chair may refer any communication to a standing committee or at his/her discretion, may create additional committees, subject to Board approval.

- Trustees may attend and participate in the meetings of committees of which they are not a member with advance notification to the Executive Director.
- Trustees who are not members of the committee shall not vote at the meeting.
- Trustees who are not members of the committee shall not be counted in determining whether a quorum is present at the meeting.

Board Conduct Policies

Ethics Policy

Purpose

The Board is responsible for oversight of the ERS and is mindful of the position of trust and confidence it holds. The Board adopts this Ethics Policy to ensure the proper administration and effective operation of the ERS, prudent investment of assets, and to foster unquestioned public confidence in the ERS' integrity as a prudently managed pension plan and fiduciary operated for the sole and exclusive purpose of providing benefits to its members and beneficiaries. This policy is intended to eliminate, to the extent reasonable, any impropriety or appearance thereof by the Board, Executive Director, Staff, and Service Providers.

Scope of Policy

This Ethics Policy provides a fiduciary framework for the proper conduct of the Board, Executive Director, Staff, and Service Providers, as well as a basis for the evaluation of that conduct. However, this policy should not be relied upon as an exclusive or comprehensive list of applicable legal or fiduciary requirements of conduct. It does not attempt to specify every possible activity that might be inappropriate or prohibited under applicable laws and regulations. Nothing in this policy shall exempt any person from any federal or state law or regulation. The standards of conduct set forth in this policy are in addition to any such law or regulation.

The Fiduciary Duty

Trustees owe a fiduciary duty to the members, beneficiaries, and each other as co-fiduciaries. In fulfilling this duty, the Board must serve the interests of all members and beneficiaries when feasible, and, when the interests come in conflict with each other, the Board must balance the conflicting interests to achieve the fairest overall results.

The Board is mindful that it is accountable to its stakeholders to exercise this fiduciary duty in an ethical and legal manner. The stakeholders are all who contribute to the ERS and all who benefit from the ERS' mission. This includes the plan sponsor, its members, their beneficiaries, and the general public, since public resources are often used to provide the plan sponsor's contributions.

The fiduciary duty rests with the Board. In carrying out ERS business, each Trustee shall execute his or her duties solely in the interests of, and for the exclusive purposes of providing benefits to, members and beneficiaries, minimizing and stabilizing employer contributions thereto, and defraying reasonable

expenses of administering the ERS. The duty to the members and beneficiaries takes precedence over any other duty.

The fiduciary duty cascades down to all those who assist the Board in serving the ERS. Accordingly, the following parties, who are collectively referred to hereafter as “Covered Parties”, share responsibility to help the Board meet its fiduciary duty:

- Individual Trustees.
- The Executive Director, Deputy Executive Director and designated Staff as determined by the Executive Director.
- All Service Providers (such as investment managers, consultants, and legal counsel, etc. who have discretionary authority over the ERS’ assets or operations.)

All Covered Parties must comply with this Ethics Policy.

In addition to Covered Parties, related parties (as defined in the section entitled “Nepotism”) of Covered Parties must comply with this policy to the extent that their involvement with the ERS or its Covered Parties creates a possible conflict of interest. However, accountability for compliance in this instance lies primarily with the Covered Parties rather than their related parties.

All others who conduct business with the ERS must comply with legal and professional standards that require the ethical and good faith performance of their duties. However, they generally do not owe a fiduciary duty to the ERS, and, therefore, are not required to adhere to this ethics policy.

Standards of Ethical Conduct

The Board has adopted the Chartered Financial Analyst Institute’s Pension Trustee Code of Conduct which provides the standard for ethical behavior for a pension plan’s governing body. Compliance with the Code of Conduct promotes professional excellence and ensures the highest ethical standards in the oversight of management and administration of pension plan assets.

The Code of Conduct includes fundamental ethical principles that are applicable to each Covered Party as follows:

- Act in good faith and in the best interests of the plan participants and beneficiaries.
- Act with prudence and reasonable care.
- Act with skill, competence, and diligence.
- Maintain independence and objectivity by, among other actions, avoiding conflicts of interest, refraining from self-dealing, and refusing any gift that could reasonably be expected to affect their loyalty.
- Abide by all applicable laws, rules, and regulations, including the terms of the plan documents.
- Deal fairly, objectively, and impartially with all participants and beneficiaries.

- Take actions that are consistent with the established mission of the plan and the policies that support that mission.
- Review on a regular basis the efficiency and effectiveness of the plan's success in meeting its goals, including assessing the performance and actions of the plan service providers, such as investment managers, consultants, and actuaries.
- Maintain confidentiality of plan, participant, and beneficiary information.
- Communicate with participants, beneficiaries, and supervisory authorities in a timely, accurate and transparent manner.

Covered Parties are to strive for the Best Performance on behalf of the ERS and are to perform their duties solely for the benefit of the ERS and its participants and beneficiaries. Best Performance is defined here as actions, counsel, or decisions that best further the objectives of the ERS and its participants or protect their interests. Best Performance requires professional competence and due diligence.

Covered Parties must avoid any action that results in, or creates the appearance of, a conflict of interest. A conflict of interest exists when a Covered Parties has a personal interest that may impair the Covered Party's loyalty to the ERS or performance on behalf of the ERS.

The conduct of Covered Parties is always to be both Legal and Ethical.

The demeanor of Covered Parties is always to be Professional and Respectful. Such a positive demeanor fosters trust and cooperation.

Covered Parties are to maintain Accountability and Transparency. That is, they must be forthcoming and candid in their disclosures regarding any matters pertaining to the ERS, unless maintaining confidentiality is legally required or it is in the best interests of the ERS and its stakeholders.

The Chair shall enforce and attempt to rectify any breaches of ethical conduct that may occur at meetings. Similarly, Committee Chairs shall do the same during committee meetings.

Ethical Standards Applied

General Rules

Addressing Conflicts of Interest

Covered Parties shall not vote on, deliberate on, or attempt to influence any issue before the Board or Committees with respect to which he or she has a conflict of interest. Covered Parties who become aware of a personal conflict of interest that affects their duty owed to the ERS have an obligation to disclose that conflict, in accordance with the Disclosure section and to cure the conflict. Disclosure must occur prior to taking any action that presents a conflict of interest, but no later than 3 business days after discovery.

A Covered Party may cure a conflict of interest by prudently withdrawing from any action in which a conflict exists. The conflict will typically be cured in that manner, provided:

- The Covered Party may be and is effectively separated from influencing the action taken.
- Other Covered Parties may still take action without the person who has been separated, and the nature of the conflict is not such that the Covered Party must regularly and consistently withdraw from decisions which are normally his or her responsibility with respect to the ERS.

If a conflict cannot be cured in the manner described above, the affected Covered Party must work with the Chair and the Executive Director to resolve the conflict of interest in a manner consistent with governing law and the traits and standards of ethical conduct espoused in this Ethics Policy and may include any action up to and including leaving the Board, if appropriate, if the conflicts require regular and consistent withdrawal from decisions which are normally his or her responsibility with respect to the ERS.

If a potential or actual conflict of interest of a Covered Party cannot be completely cured, the Board may grant a waiver of the prohibitions of the Code of Ethics.

The waiver may only be granted by the Board if:

- The waiver is submitted in writing to the Chair;
- The waiver would comply with Maryland law;
- The Board imposes conditions to mitigate the conflict of interest which makes the potential or actual conflict insubstantial or remote; and
- Granting the waiver would serve the best interest of the Board and ERS.

Financial Interests

Trustees and Staff are prohibited from making, participating in making, or using their positions to influence Board and ERS decisions in which they have a financial interest. Trustees and Staff are deemed to have a financial interest if all the following are present:

- It is reasonably foreseeable that the decision will have a financial effect;
- The anticipated financial effect is on a financial interest of Trustees and Staff;
- The anticipated financial effect is material; and
- The decision's financial effect on the Trustee's or Employee's financial interest is distinguishable from its effect on the public generally.

In addition, this policy prohibits Trustees and Staff from using their positions to influence Board and ERS decisions in which close associates and/or political associates have a financial interest.

Commission Administrative Practice 2-24 requires the ERS Executive Director, Deputy Executive Director, and each Trustee to submit a completed Financial Disclosure Statement annually to the Commission's Executive Director with a copy to the ERS Executive Director. Each Trustee must disclose

their financial interest fully and completely upon election, appointment, and resignation, as well as annually by April 30th each year.

Investments

Trustees and Staff shall not become an endorser, surety, or obligor on, or have any personal interest, direct or indirect, in the making of any investment for the Board, or in the gains or profits accruing therefrom.

Loans

Trustees and Staff shall refrain from receiving personal loans from any Covered Party.

Contracts

Trustees and Staff are prohibited from participating in or influencing any matter in which an individual Trustee or Staff is financially interested, including any contract entered into by the ERS.

Nepotism

For purposes of this Ethics Policy, related parties to Covered Parties include any child, stepchild, foster child, grandchild, parent, stepparent, grandparent, spouse, brother, sister, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law, domestic partners, and any member of the household, whether or not related.

To prevent related party conflicts of interest, the ERS may not employ a person who is related to:

- A Trustee;
- The Executive Director, Deputy Executive Director, or other designated Staff; or
- A Service Provider

This does not prevent the continued employment of a person who has already been working for the ERS for thirty (30) consecutive days prior to the date that the Trustee, Employee, or Service Provider acquired their position, or the related party became a related party.

Parties related to other Plan employees may be considered for employment by the ERS provided the applicant possesses all the qualifications for employment. A Plan employee may not exercise discretionary authority to hire, evaluate or promote their related party. A related party may not be hired if such employment would:

- Create either a direct or indirect supervisor/subordinate relationship between the related party and the related Covered Party; or
- Create either an actual conflict of interest or the appearance of a conflict of interest.

These criteria will also be considered when assigning, transferring, or promoting an employee.

No Covered Parties may utilize the services of other Covered Parties or close personal associates for ERS business without disclosing such relationship and obtaining Board approval, in accordance with the Disclosure section.

Hiring and Contracting

The hiring of employees and Service Providers should not create a conflict of interest or the appearance of a conflict of interest. Covered Parties should not unnecessarily retain employees, or Service Providers. The hiring of such employees and Service Providers shall be based purely on merit. The compensation of such employees and Service Providers shall not exceed the fair value of the services rendered.

To protect the integrity of the Board's search and selection procedures, Trustees and Staff should refrain from intentional, unauthorized contact with Service Providers to avoid the appearance of conflict in the decision-making process. Service Providers responding to a Request for Proposal shall be given clear direction concerning the proper form of communication and allowable point of contact. All Service Providers, upon their submission, shall be advised in writing and provided with written acknowledgement of these directions regarding communication and the potential of disqualification if they are not properly followed. This will ensure the integrity of the decision-making process and will avoid any and all appearances of conflict.

The Board and all Staff not designated as the point of contact will refrain from having any contact with the Service Providers, their representatives, and supporters unless and until it is desired that specific Service Providers should be interviewed by the Board or designated committees as part of the selection process. Any contacts including unintended incidental interactions should be reported in accordance with the procedure set forth under the incident reporting section.

Authorized contact with Service Providers includes communication for:

- Ordinary and necessary business purposes, and
- Matters of public record.

All Covered Parties are to avoid any decision-making practices, particularly with respect to hiring, contracting, or investments, that are or appear to be "kickbacks" or "pay-to-play," practices.

- "Kickbacks" are transactions where candidates seeking to do business with the ERS provide some personal benefit to the Covered Party to influence a decision.
- A "Pay-to-play" transaction is one where a solicitor, in order to participate in a business process such as a bidding competition, or to influence a Plan decision, or to maintain an existing contract or business association, provides a benefit unrelated to the ERS' business requirements for that decision.

Any violation of this policy must be immediately reported in accordance with the Incident Reporting section. Such violation may result in the removal of such Service Provider's proposal from consideration and additional actions against Trustees or Employees.

Employment Negotiations and Post Employment Restrictions

Trustees or Employees must disclose, in accordance with the Disclosure section, any employment negotiations with firms that do business with the ERS.

Any Service Provider currently doing business with the ERS, or in the process of seeking to do business with the ERS, that has received a copy of this Ethics Policy, shall also be obligated to disclose, in accordance with the Disclosure section, any employment negotiations with a Trustee or Employee.

Employment negotiations means participating in an employment interview, discussing an offer of employment, and accepting an offer of employment, even if precise terms of employment are not yet defined.

A Trustee or Employee, after termination of his or her term of office or employment with the ERS, shall not appear before the ERS or receive compensation for any services rendered on behalf of any person in relation to any business dealing with the ERS or application therefore, or any case, proceeding, determination or any other matter upon which he or she took any discretionary act during his or her term of office or employment with the ERS for a period of one (1) year.

This does not preclude a Trustee or Employee from being hired by the ERS through appropriate means as consultant, vendor, or other related supporting position after their separation from the Board.

Gifts

A gift is any payment, thing or other benefit provided to a Covered Party for which the Covered Party did not provide goods or services of equal or greater value, including a discount or a rebate that is not available to the general public including travel expenses, lodging and meals, even if the travel is in connection with official ERS business. ***Cash gifts are strictly prohibited in all cases.***

A Covered Party shall not accept or solicit any gift, favor, or service clearly distinguishable as such in the discharge of official duties, or that the Covered Party knows, or should know, is being offered with the intent, or may be perceived, to influence the Covered Party's official conduct. Notwithstanding the aforementioned prohibition a Covered Party may accept unsolicited gifts of a nominal value not to exceed \$20.

Generally speaking, meals and hotel accommodations offered as part of the packages pricing are acceptable, while optional outings and services such as golf passes, sightseeing trips, sports events, etc. would not be considered acceptable. It is recognized that this distinction is sometimes less than clear, especially in the area of educational and networking conferences and seminars where the items are bundled together in the pricing plans. This shall not apply where:

- The Executive Director has determined in advance that registration or similar fees are adequate for the inclusive meals and services offered as part of any educational or networking conferences/seminars and when the same offer is available for all attendees without regard to an existing business relationship.
- In cases of novelties that are of no practical value and when they are available for all attendees without regard to an existing business relationship.

Use of the ERS' Property and Resources

Covered Parties may not utilize any property or resources of the ERS for personal gain. ERS property and resources include, but are not limited to:

- Physical assets, such as equipment, furniture, supplies, and facilities.
- Computing resources, including hardware and software.
- Financial resources, such as cash and checks.
- Human resources, such as staff time.
- Intangible assets, such as goodwill, political influence, and intellectual property.

Certain exceptions are commonly made for de minimus personal use, in unavoidable circumstances, and in conformance with the ERS' policies, Commission practices, and Administrative Procedures. Although employees may occasionally and incidentally need to use Commission communication technology for personal reasons, such personal use must be kept to a minimum, must be brief, and must not interfere with the performance of the employee's duties and responsibilities.

Assets of public funds are only to be used to achieve the business purposes of the ERS. The use of ERS assets for personal interest, pleasure or profit is not acceptable. It is also not acceptable to use public assets to further the goals of an outside charitable organization with which the public employee might be affiliated, however meritorious. This includes organizations such as churches, scouting groups, athletic groups, etc.

Covered Parties are required to diligently protect the ERS' assets from theft, loss, abuse, or waste. In addition, the Executive Director shall ensure the ERS generally adheres to and follows the Commission's Capital Asset Policy found under Practice No. 3-14.

Accounting

Covered Parties responsible for financial accounting or other record keeping functions on behalf of the ERS are to follow established laws, policies, procedures, and standards, and are to exercise prudent judgment to ensure that such accounting or record keeping are always accurate, reliable, appropriately transparent to the ERS' stakeholders, and secured. Covered Parties are strictly prohibited from falsifying or failing to record proper entries in any records of the ERS.

Confidentiality

Although the ERS is an entity which fosters accountability and transparency before its stakeholders, the ERS is also entrusted with confidential information, which may be classified as follows:

- Non-public, individually identifiable information of its members and Staff.
- Legally privileged information developed through the attorney-client relationship.
- The ERS' security information that is deemed confidential to protect the ERS' assets.

- The ERS' specific investment transactions that are considered confidential, to protect the ERS' assets and investment performance, and to comply with applicable laws.

All confidential information must be diligently safeguarded as required by law.

Covered Parties may not disclose or use confidential information acquired in their positions except to the extent:

- Required by law;
- Necessary or advisable for the provision of services to the ERS; or
- Permitted and authorized by the Board.

No private information, including, but not limited to, member retirement benefit and health insurance information, and non-public investment information, shall be provided to any other person or used in any way other than in the lawful performance of ERS' duties and responsibilities. Accessing information for any other purpose is prohibited.

Further, no Covered Party shall accept employment or engage in any business or professional activity that will require him or her to disclose confidential information that he or she has gained by reason of his or her official position with the ERS.

Illegal Acts

No Covered Parties may engage in illegal activities at any time, whether related to ERS matters or not. No Covered Parties may knowingly become a party to, or condone, any illegal activity. No Covered Party may engage in activities involving moral turpitude, such as dishonesty, fraud, deceit, or misrepresentation. Illegal behavior is not tolerated and is subject to immediate discipline, including possible termination and prosecution.

Rules Applicable to the Board

Trustees shall exercise their duties with the caution, attention, and skill of a reasonable fiduciary similarly positioned, that is serving as a board member of a retirement system. It is the responsibility of each Trustee to take an active role in the oversight of the ERS and the management of assets under the ERS's control.

Training and Education

Trustees are responsible for achieving and maintaining the expertise and education appropriate to their duties to the ERS. Training and education shall be done in compliance with the Education Policy of this Manual.

Board Interaction with Outside Parties

A Trustee shall not correspond with Service Providers using the ERS' letterhead or any other form or format that could lead the recipient to believe the communication may be official, either as an individual Trustee or speaking collectively, unless the communication is authorized by the Board. Copies of all written communications from a Trustee to a current Service Provider, or person or entity related to a

current Service Provider, relating to the ERS' business (other than purely personal or social correspondence not involving any ERS related issue or information) shall be provided to the Chair for subsequent distribution to all Trustees.

A copy of any written communication (other than purely personal or social correspondence, routine announcements, generally distributed newsletters, and the like) received by a Trustee from a current Plan Service Provider, or person or entity related to a current Service Provider, shall be forwarded to the Chair or designee for subsequent distribution to all Trustees. Unless authorized by the Board, no Trustee shall disseminate or otherwise disclose any information obtained in the course and scope of his or her employment, which has not been released, announced, or otherwise made available publicly.

In the event that a Trustee has personal or incidental contact with representatives of Service Providers or other non-plan persons and/or entities, Trustees must avoid any and all discussions involving ERS business. Additionally, the Trustee shall report the incident in writing in accordance with the Disclosure section for further action as may be deemed appropriate.

No Trustee may speak for the Board or ERS without prior written authorization. If someone other than the Chair makes a statement without authorization, orally or in writing, they must explicitly acknowledge that it is not an authorized Board or ERS statement.

A Trustee shall be respectful of the Board and its decisions in all external communications, even if he or she disagrees with such decision.

[Communications with Plan Members](#)

Trustees shall be aware of the risk of communicating inaccurate information to members and beneficiaries, and the potential exposure to liability and possible harm that may result from such miscommunications.

Trustees shall mitigate the risk of miscommunication with members and beneficiaries and thereby avoid creating additional plan liability by refraining from providing specific advice or counsel with respect to the rights or benefits to which a member or beneficiary may be entitled under the ERS.

Where explicit advice or counsel, with respect to retirement plan provisions, policies or benefits is needed, Trustees will refer inquiries to the Executive Director and/or Staff.

[Administration of Ethics Policy](#)

[Ethics Questions](#)

Questions on this Ethics Policy should be referred to the Chair in a timely manner and in sufficient detail. In some cases, the Chair may respond or have Legal Counsel respond in writing concerning matters of interpretation of this Ethics Policy. In all cases of written responses, the response will be furnished to the Board and when relevant Staff. Written opinions will be logged sequentially by the Executive Director for further reference and made available for review. The Chair may use whatever resources reasonably needed to provide the proper opinion. All Covered Parties may rely on such opinions to apply this Ethics Policy and shall be deemed to be acting in good faith compliance with this Ethics Policy.

In matters concerning potential Board, Chair, or Executive Director impropriety and in their sole discretion, individual Trustees, the Chair, or the Executive Director may seek advisory opinions from

Legal Counsel to aid in its application of the Ethics Policy to particular factual situations presenting an apparent ethical issue. The Legal Counsel's opinion shall be advisory only, but any Trustee or the Executive Director, acting in reliance thereon shall be deemed to be acting in good faith in compliance with this Ethics Policy.

Nothing in this policy should be construed as limiting any Covered Party's right to contact any appropriate independent authority at any time for ethics advice or reporting. Such guidance should, whenever possible be sought prior to the action in question. However, Covered Parties should follow the advice and reporting procedures contained in this policy when possible.

Ethics Policy Receipt & Training

The Executive Director will ensure via a signed receipt that the Ethics Policy is received within ten (10) days of hiring, appointment, or election of Trustees, the Executive Director, or Staff. The respective Trustee, Executive Director, or Staff will not be permitted to have any active participation in functions until they have signed for receipt of the Governance Manual.

The Executive Director or designee will ensure that training concerning ethics requirements is received within one (1) year of hiring, appointment, or election and that said training can be adequately documented.

Contractors and vendors will be provided with a copy of this Governance Manual as soon as feasible depending upon the process being used and required to provide a signed acceptance of the policy prior to submission of a bid, interview, or retention.

The Executive Director is responsible for ensuring that additional classes are held periodically for all employees to reinforce and explain the provisions of and answer any questions pertaining to this policy. Trustees shall receive annual ethics training regarding governing ethics laws.

Annual Certification

All Covered Parties agree to comply with this Ethics Policy at the commencement of their service or contract with the ERS and shall certify annually in writing their continuing compliance. These certifications are due as required annually by the Executive Director who is responsible for collecting and maintaining these documents.

The compliance statement will state that they have received, read, and understand this Ethics Policy, that they will comply with its provisions, that it is their duty to report any acts by others when they have knowledge of potential violations of this Ethics Policy, and that adherence to the Ethics Policy is a condition of their appointment, employment, or continued business with the ERS. The statement will also include a disclosure of any conflicts of interest, failures to meet the requirements set forth in the Ethics Policy or violations of the Ethics Policy of which they are aware and a reminder that they are required to update their statements if a change in circumstances occurs which would require reporting under this Ethics Policy.

Disclosures

Public Disclosure of Board Economic Interests

When a potential conflict is known prior to any Board action that may present a conflict of interest the Trustee shall:

1. Disclose an actual or potential conflict in detail sufficient to be understood by the public,
2. Recuse himself or herself from acting on the matter, and
3. Leave the room or virtual meeting (except in the case of consent agenda items) until the matter is concluded.

Disclosure during Board meetings may be made 1) orally or 2) by handing or emailing a written statement to the Chair, with a copy to all Trustees and the Executive Director. Such a disclosure shall be reflected in the official record of the meeting and a copy kept in a disclosure file maintained by the Executive Director. In the event of an oral disclosure, the disclosing Trustee shall follow up the oral statement with a written statement to the Chair within 72 hours. The follow-up statement will be kept in the aforementioned disclosure file.

Covered Party Disclosures

Covered Parties are required to disclose the following activities:

- Any perceived or actual conflict of interest should be disclosed to ensure that the existence of the conflict is verified and addressed appropriately.
- Any official action on matters that will result in a benefit to Covered Parties, related parties, or their business associates, where such benefit is greater than that which accrues to a large class, such as across-the-board retirement benefit increases.
- Any transaction wherein a Covered Party, related party, or their business associate is selling or providing goods or services to the ERS.
- Private discussions with Service Providers involving ERS business.
- Employment negotiations between a Covered Party and firms that do business with the ERS. Employment negotiations means participating in an employment interview, discussing an offer of employment, and accepting an offer of employment, even if precise terms of employment are not yet defined.
- Any gift received.
- The utilization of services of other Covered Parties.

All disclosures shall be made in writing to the Chair or Vice Chair, who shall be required to present to the Board a list of such disclosures at the next official meeting of the Board. Notwithstanding the foregoing, the Chair or Vice Chair shall, as soon as is reasonably practicable, inform each Trustee of any disclosure that could materially affect operation of the ERS.

Incident Reporting

Not reporting knowledge of a possible violation of the Ethics Policy may result in sanctions including any action deemed appropriate up to and including dismissal, separation, or removal of Trustees, the Executive Director, or Staff. Reporting violations may also result in cancellation of business relationships for Service Providers.

Any person with knowledge of a violation of any part of the Ethics Policy or related laws shall report such information to the Chair immediately, and in no event more than 48 hours after discovering the potential violation and must fully cooperate in any investigation into the potential violation(s). No retaliatory action will be taken for any such report made in good faith.

Any Trustee, the Executive Director or Employee with knowledge of a violation of any part of the Ethics Policy involving the Chair that has not been properly disclosed may report that conduct to the Vice-Chair or the General Counsel. No retaliatory action will be taken for any such report made in good faith.

Enforcement

The Board is responsible for governing the conduct of Trustees. In adopting this policy, the Board seeks to promote the orderly, ethical, and professional resolution of disputes, and alleged Trustee misconduct. Violation of any of the provisions of the Ethics Policy may result in proceedings to remove a Trustee, termination of employment, or other disciplinary action as the situation may warrant.

The Board will enforce this policy through the Chair, who is responsible for implementation of the Board's decisions, with respect to Covered Parties other than the Board. Inquiries and investigations under this policy will be handled in accordance with policies and procedure developed by the Board for such matters.

In matters concerning individual or multiple Trustees (including the Chair) the remaining Trustees who are not in violation of the Ethics Policy will enforce this policy with respect to individual or multiple Trustees found in violation.

Enforcement will be through any measures the enforcing Trustee(s) deem appropriate including resolutions of reprimand, censure, or other appropriate parliamentary measures, including requests for resignation. This includes possibly removing the offender from the position of Chair or Vice-Chair of the Board, or from any other assignment on behalf of the Board. Nothing in this Ethics Policy prohibits the Board from pursuing any and all legal remedies available against any Trustee who violates the provisions of this Ethics Policy.

Disputes or reports of misconduct within the Board or with the Executive Director are to be addressed in a closed session of the full Board. Any person authorized to receive a complaint in accordance with the aforementioned reporting procedures may bring the matter before a closed session of the full Board. In this closed session, appropriate actions may be taken, including:

- Resolving the matter within the current or future meetings of the Board.
- Referring the matter to an existing or ad-hoc committee for further action.
- Appointing appropriate Staff or outside consultants for further action.
- Referring the matter to outside agencies, such as law enforcement or a prosecuting attorney.

The proceedings of this closed session and the results of any follow-up actions must be disclosed in an open session of the Board in a manner and at a time that the Board deems appropriate to fulfill its fiduciary duty to its members.

Business with Service Providers who violate this policy may be terminated immediately. Even when such parties do not technically owe a fiduciary duty to the ERS. The Board reserves the right to terminate business with any Service Provider that does not loyally serve the ERS' interests or live up to the ERS' Standards of Ethical Conduct.

Travel Policy

Purpose and Policy

The purpose of the Travel Policy is to establish standards for the authorization and handling of business expenses and ensure prudent accounting and expenditure of assets for business travel, meetings, training, conferences ("business events") and other business-related expenses.

It is the policy of the ERS to reimburse reasonable and necessary expenses incurred in connection with required participation in authorized business events.

If a circumstance arises that is not specifically covered in this Travel Policy, then the most conservative course of action should be taken.

Authorization

Trustees and Staff (collectively "Travelers") will be authorized to participate in business events, subject to the guidelines of this Travel Policy and availability of funds in the approved operating budget.

Participation for Trustees shall be determined based on relevance of the opportunity and value to the ERS, the opportunity to meet other Trustees and share experiences, and whether participation is likely to enhance the knowledge and capabilities of Trustees. Participation should be in conformance with the Conference Attendance Policy, Code of Ethics, and this Travel Policy.

Participation for Staff shall be determined based on relevance to the employee's assigned duties, mission of the ERS, and when participation will enhance the employee's effectiveness, develop professional skills, and/or carry out the employee's duties. Participation should be in conformance with the Code of Ethics and this Travel Policy.

Travelers are encouraged to seek local or virtual conferences and training opportunities to minimize costs, whenever possible.

Travelers should seek discounts from advanced reservations, government entity status, applicable professional memberships, including, but not limited to the goal of minimizing authorized business expenses.

Travelers are expected to use prudent judgment and discretion to ensure economical use of assets. In all cases, care must be exercised to avoid the appearance of impropriety in the incurrence of expenses and in the request for reimbursement.

International business events are generally prohibited; however, in exceptional cases participation may be considered when similar domestic and/or local opportunities are unavailable; the business event is closely aligned with the mission and needs of the ERS; attendance is sufficiently advantageous to the ERS; and the exception is authorized by the Chair.

The Chair will authorize participation in business events and approve business-related expenses for Trustees and the Executive Director; the Vice Chair will approve participation in business events and approve business-related expenses for the Chair; and the Executive Director will authorize participation in business events and approve business-related expenses for Staff after the employee's supervisor has provided preliminary participation approval for participation in the business event.

Conference and Travel Arrangements

Under general direction from the Executive Director, the Administrative Specialist will make business-related arrangements (except airline reservations) for Travelers, including conference registration, lodging, and transportation. Travelers are responsible for booking airline reservations within the guidelines of this Travel Policy. Questions regarding eligibility for airline reimbursement should be referred to the Administrative Specialist and/or Executive Director prior to booking airline reservations.

Pre-authorization for expenses/Request for Cash Advance

Pre-authorization of business-related expenses must be obtained using the *Travel Expense Authorization or Cash Advance Form* in **Appendix A**. The Executive Director will approve all pre-authorizations for expenses and requests for cash advances.

Cash advances may include funds advanced for meals, lodging, travel, conference registration, and/or reimbursable expenses. Cash advances are estimated by the Administrative Specialist and reviewed by the Executive Director, or designee. Cash advances will be paid out approximately two weeks prior to the business event except for conference registration and travel expenses which may be reimbursed earlier.

Submission of ERS Expense Report & Reconciliation with Cash Advance

The *Expense Report* in **Appendix B** should be used to claim reimbursement for business-related expenses and to account for cash advances incurred for business-related events. Expenses must be fully detailed as prescribed herein. Travel, lodging, and other business-related expenses must be supported by original itemized bills and receipts. If a refund is due to the ERS, a check made payable to the ERS should accompany the Expense Report. If an expense was incurred at a conference, then a copy of the conference agenda and all relevant documents must be attached to the Expense Report or the cash advance.

The Expense Report should be submitted to the Executive Director, or designee, within 30 calendar days of return from travel. If a request for an extension is needed, the request should be submitted in writing to the Executive Director who may consult with the Chair or Vice Chair, as may be necessary.

Reimbursable Expenses

a. Meals

The cost of meals, including tips, may be reimbursed for Travelers in travel status, either (1) on a per diem basis (flat allowance), with no requirement for receipts or limitations per meal, or (2) on an actual expense basis with receipts, and detailed in the expense report. Reimbursement of all local meals falls under option (2). The ERS will reimburse pursuant to the Commission's current meal allowance reimbursement. See **Appendix C – M-NCPPC Notice No. 24-01 – Commission's Per Diem Rate for Authorized Business Meals** for current allowances. On any one trip, either the per diem or actual expense method must be used throughout. Regardless of the method used, all reimbursements of meals, inclusive of tax and tips, are limited to the maximum rates set by the per diem method.

Meal reimbursements are limited to the period of a non-local meeting, plus one meal the day before the meeting and one meal after the meeting. Meals [breakfast (including continental breakfast), lunch and dinner] included in the conference package and/or part of the registration package or flight accommodations will be deducted from the Per Diem maximum, at the rates shown on **Appendix C**.

Group Meals

When a Traveler has paid for meals of other employees, the Traveler who paid may request reimbursement of the meals by documenting the names of each Traveler who was authorized to receive the meal.

Local Area Definition: Any county, city or jurisdiction that falls within 50 miles of the ERS. Per Diem is not permitted.

Non-Local Definition: Any region that falls outside the definition of "Local Area". To receive reimbursement under this definition Travelers should be on authorized business travel. Meals included in the conference package will be deducted from the Per Diem maximum.

b. Lodging

Reimbursement for lodging expenses is limited to the actual cost at the single room rate. The reimbursement period will be limited to actual conference dates plus one day required for travel. Reimbursement amounts at conferences will be limited to conference sites and participating hotels/motels. However, the least expensive lodging convenient to the conference site should be chosen whenever possible.

In exceptional situations, the Executive Director may authorize additional lodging beyond the standard reimbursement period. Examples of situations that may be considered include difficulty traveling during the standard reimbursement period; required attendance at the business event that would result in travel at unreasonable hours; total travel costs would be reduced from a travel extension; or travel cancellations and/or delays outside the individual's control (i.e., flight cancellation).

c. Modes of Travel

Commercial Carrier Transportation (Air, Rail, Bus) for non-local travel

Air travel should be economy fare at round trip or excursion rates, when possible, and should be planned and purchased at least 30 calendar days in advance of travel. All other air travel classes must be approved in advance. Unless approved in advance by a waiver for exceptional

situations, optional travel-related expenses of a personal nature are the responsibility of the individual and are NOT reimbursable. Such expenses include but are not limited to travel insurance, express boarding fees, priority seating and seat upgrade fees, optional ticket changes, extra luggage, or overweight baggage fees.

Use of Personal Vehicle

The use of personal vehicles is permissible when it is determined to be more beneficial to the ERS. If use of a personal vehicle is authorized, reimbursement will be at the rate per mile established by the Commission. The ERS will reimburse pursuant to the Commission's current mileage reimbursement. See **Appendix D - M-NCPPC Notice No. 24-02** for *current mileage reimbursement rate*. Reimbursement requests shall include the purposes, dates, and distances traveled, plus receipts for parking, tolls, etc. Reimbursement of commuting mileage between residence and official place of work is not allowed for Staff. Reimbursement of commuting mileage between residence and ERS Offices for monthly meetings is not allowed for Trustees; however, Trustees may request reimbursement of commuting mileage between residence and airport or conference site for education and training. Reimbursement for use of personal vehicle for travel will not exceed the available cost of a common carrier, plus parking fees. All original receipts must be attached to the Expense Report. When a personal vehicle is used in connection with ERS business, the Traveler must comply with all licensing, registration, and vehicle insurance requirements for the State in which the Traveler is licensed to drive and in which his/her vehicle is registered. Accidents and traffic violations are the primary responsibility of the Traveler and/or the vehicle owner's private insurer.

Reimbursement of mileage for all local and non-local travel using a personal vehicle shall consider deduction of applicable "normal commuting mileage." Only authorized business-related mileage and other incidental fees (parking/tolls) are eligible for reimbursement.

"Normal commuting mileage" is the normal distance traveled between the employee's residence and his/her official ERS work site and is not eligible for business mileage reimbursement.

Rental Cars

Reimbursement for vehicle rental may be allowed for non-local travel if it is more beneficial to the ERS, e.g., when several Travelers share a rental vehicle, and must be approved in advance by the Executive Director. Prudence and practicality should be exercised when selecting the vehicle size for an economical car rental. Original receipts for parking, tolls, self-fueling, and all other charges/costs must be attached to the Expense Report. Surcharges for pre-paid gas and other conveniences/options are the responsibility of the individual.

Public and Privately Operated Ground Transit

This includes third-party transit that is used to transport the Traveler to/from commercial carrier terminals or conference/training/lodging sites. Examples include, but are not limited to commuter transit, taxis, shuttles, and rideshares (e.g., Uber, Lyft, Zipcar, etc.). When necessary and appropriate to the authorized travel, reimbursement will be made for the cost of the least expensive and practical form of transit. Free/discounted shuttles should be used when available and practical. Whenever available, receipts should be requested from the transit operator.

d. Miscellaneous

Specific examples of this category of allowable expenses include the actual cost of:

- Official business telephone and facsimile charges must be listed separately. Reason for charge should be listed.
- Wi-Fi/Network access fees when business related.
- Baggage-handling and room tips.
- Baggage fees for air travel (fees for one piece of personal luggage when an airline does not include this in the price of the ticket)
- Baggage/shipping fees for the transport of critical business materials.
- All other out-of-pocket business expenses, with appropriate receipts.

With the exception of incidental expenses (i.e., baggage handling and room tips), all expenses under this section must be supported by original receipts.

Non-reimbursable Expenses

Non-reimbursable expenses include those which are incurred for personal convenience or are not in connection with ERS business. Among them are the following:

- Special travel accommodations, stopovers, or diversions of schedule for personal reasons which result in additional expense.
- Cost of car rentals for personal sightseeing or other personal business.
- Meals purchased in lieu of those already included in registration fees, conference fees, flight accommodations, or the cost of meals exceeding the limitations stated in this Policy.
- Any amount in excess of conference hotel/motel rates for accommodations at nonparticipating hotels/motels.
- Any expenses of accompanying family members or guests.
- Cancellation/change penalties for transportation, lodging or registration fees due to a Traveler's personal request or obligations. Exceptions may be made when a change in travel arrangements is required due to the employee's serious illness/injury or death of an immediate family member.
- Alcohol beverages.

- Accidents, traffic, and parking violations.
- Movies/entertainment rentals.
- Annual credit card membership fees; and
- Banking and financial institution fees (cost to purchase travelers checks, ATM fees, etc.).

Waivers for Special Circumstances

In extenuating circumstances and when in the best interest of the ERS, the Chair may waive the limitations, as outlined in this Travel Policy, for Trustees and the Executive Director. The Vice Chair may waive the limitations for the Chair and the Executive Director may waive the limitations for Staff.

Periodic Review

The Travel Policy will be reviewed periodically as needed by the Administration & Personnel Oversight Committee.

Conference Attendance Policy

The complexities of sound management of the assets and liabilities of the ERS impose a continuing responsibility for all Trustees to attend educational conferences, seminars and other events that are essential to conduct the business of the ERS and that will better enable Trustees to perform their fiduciary duties.

Attendance at industry sponsored educational events has particular value since it:

- Enhances the knowledge and capabilities of Trustees.
- Exposes one to the industry providers and consultants, who by their very nature, are the ones upon which trust funds must often rely.
- Provides up to date information and assessment on the nature of the securities and markets.
- Provides an opportunity to meet with other trust managers and Trustees and to share experiences regarding the strategic vision and day-to-day management of other retirement systems.
- Provides an opportunity to exchange information regarding the performance of the sponsoring entity.
- Provides an understanding of the issues facing the ERS and pension systems generally.
- Provides continuing education hours for certification.

For these reasons, Trustees of the ERS are encouraged to attend industry educational events that meet any of the following conditions:

- The invitation to attend is available to all similar clients by the industry sponsor.
- The event is sponsored at the national, regional, and/or local level.
- The event is an investment seminar, conference, or a similar activity sponsored by an investment institution.
- The event is sponsored by professional associations of public pension funds.
- The event is sponsored by professional investment management firms, trade association, educational agencies, and/or consultants.
- The topic(s) is (are) of such a nature as to provide significant benefit to the overall trustee oversight of the ERS.
- Public disclosure of Trustee attendance would not reflect unfavorably on the ERS.
- Trustee attendance will not be used by the industry sponsor as an affirmation by ERS of the sponsor's products or services.

Approval for attendance at industry sponsored events shall be in conformance with applicable governance policies. Trustees have the responsibility to consider at a minimum, the following factors prior to requesting the Chair's approval for attendance:

- The benefits accruing to the Board by having the specific Trustee attend.
- The benefits accruing to the trustee.
- The cost of attendance.
- The opportunity to attend other conferences.
- The Board's approved travel budget and the comparative merit of attending this particular conference.

Education Policy

Purpose

In endeavoring to allow all Trustees to develop core competencies and understand the challenges facing public pension plans, as well as to ensure all Trustees discharge their fiduciary duties to act with care, skill, prudence, and diligence in accordance with the Ethics Policy, the Board has adopted an Education Policy.

Each Trustee is responsible for meeting the requirements set forth herein as part of his or her compliance with the Ethics Policy. Any Trustee that fails to meet the requirements will be required to disclose such failure on his or her Annual Certification under the Ethics Policy and will be subject to any disciplinary action(s) set forth in the Enforcement section of the Ethics Policy, up to and including removal from the Board.

Principles

This Education Policy rests on the primary principle that Trustees are responsible for making policy decisions affecting all major aspects of the ERS, which includes investment operations and benefits administration. Trustees must maintain prudent oversight of the assets and investment operations, including the monitoring and ongoing evaluation of Investment Managers and Service Providers retained by the ERS. Trustees must acquire an appropriate level of knowledge of all significant facets of the ERS. A variety of educational methods are necessary and appropriate to impart knowledge and assist Trustees in the performance of their duties. This policy is not intended to dictate that Trustees attend only specific conferences, programs, etc. Instead, Trustees should work with the Chair and/or Executive Director to determine their own educational needs and which educational opportunities best address those needs.

Objectives

1. Provide newly appointed or elected Trustees with the introductory knowledge needed to enable them to effectively participate in Board and Committee deliberations in a timely manner.
2. Provide opportunities for all Trustees to develop and maintain the knowledge needed to carry out their fiduciary responsibilities and engage in effective group discussion, debate and decision making regarding the ERS.

Guidelines

Trustees agree to develop and maintain knowledge of relevant issues pertaining to the administration of the ERS throughout their term.

Trustees shall meet the following guidelines:

1. Secure, over time, a meaningful level of understanding in pertinent topics through presentations made at regular meetings of the Board, training programs provided to the Board as well as through attendance at conferences, webinars, industry publications, and video content.
2. Annually participate in at least **eight (8) hours** of training and education applicable to their duties to the ERS. On occasion, the Executive Director shall seek feedback from the Board to identify educational topics of interest.
3. Trustees must acknowledge and agree to abide by the Ethics Policy.
4. Trustees agree to pursue appropriate education across a range of pension-related areas, rather than limiting their education to a specific area. General topic areas to pursue may include, but are not limited to:
 - A. Governance and fiduciary duty;
 - B. Investment policy and asset allocation;
 - C. Benefits administration;
 - D. Actuarial policies and funding;
 - E. Fiduciary Insurance;
 - F. Ethics;
 - G. Financial opportunities (Securities Lending, Securities Class Actions, etc.);
 - H. Regulatory and legislative issues; and
 - I. Financial and accounting standards and practices.

5. Educational tools and opportunities for Trustees include, but are not limited to:
 - A. External conferences, seminars, workshops, webinars;
 - B. Industry association meetings or events;
 - C. Annual Board Ethics and Fiduciary Responsibility training seminar (satisfies a portion of the required 8 hours);
 - D. Service Provider guided educational seminars or briefings; and
 - E. Periodicals, journals, textbooks, and similar materials.
6. The Executive Director shall maintain a record of each Trustee's compliance with the Guidelines of the Education Policy and report compliance annually to the Chair. Trustees are responsible for reporting completed training sessions and the number of hours to the Executive Director.

Orientation for New Trustees

The Executive Director shall develop a formal orientation program for new Trustees to ensure new Trustees are able to contribute fully to Board and Committee deliberations and effectively carry out their fiduciary duties as soon as possible upon joining the Board. If more than one new Trustee requires orientation, the orientation session may take place in a group setting rather than one-on-one. The orientation session shall endeavor to take place within the first thirty (30) days of the election or appointment of a Trustee and prior to attendance at the Trustee's first Board meeting.

As part of the orientation, new Trustees shall be briefed on the following:

- A. History and background of the M-NCPPC ERS;
- B. Role and Responsibilities of the Board, ERS Staff, Service Providers;
- C. Overview of the Ethics Policy and Fiduciary Responsibility;
- D. Current Board issues and challenges facing public plans;
- E. The ERS Investment Program; and
- F. Investment Manager Monitoring and Watchlist Policy.

New Trustees shall also be provided with:

- ✓ A copy of the Governance Manual
- ✓ A copy of the Investment Policy Statement
- ✓ A listing of recommended upcoming educational seminars
- ✓ A link to additional ERS resources

Within three (3) months of joining the Board, the Executive Director shall hold a follow-up discussion with each new Trustee to address any questions they may have regarding their position and duties.

Attendance at Conferences and Industry Association Meetings

Approval for attendance at conferences and industry sponsored events shall be in conformance with the Conference Attendance Policy and Travel Policy.

Board Self-Evaluation Policy

Full section text under review

Plan Governance Policies

Pension Funding Policy

Introduction

The purpose of this Pension Funding Policy ("Funding Policy") is to record the funding objectives and strategy set by the Board for the ERS. The Board establishes this Funding Policy to ensure future benefit payments for members of the ERS. In addition, this document records certain guidelines established by the Board to assist in administering the ERS in a consistent and efficient manner. In the event that this Funding Policy conflicts with any language in local or State Law, the Law shall prevail.

Funding Objectives

The Board's primary funding objectives, in order of importance, are to:

1. Provide sufficient assets to permit the payment of all benefits under the ERS.
2. Maintain equity among generations of taxpayers by:
 - a. Establishing improvement, on a projected basis, in the Funded Ratio, as defined in Glossary of Terms Section of this Funding Policy, such that it approaches 100% over a given period of time.
 - b. Amortizing the Unfunded Actuarial Accrued Liability, as defined in the Glossary of Terms Section of this Funding Policy, over fixed periods, specified below.
3. Minimize the volatility of the actuarially determined contribution (ADC) by smoothing investment gains and losses over a period of five years.

Funding Guidelines

This statement reflects the policy of the Board and establishes guidelines for setting the ADC.

Actuarially Determined Contribution

By coordinating the Funding Policy and Investment Policy, the Board will attempt to minimize the volatility of the ADC from year to year. The ADC is the sum of the Normal Cost and a payment to amortize the Unfunded Actuarial Accrued Liability as of the date of valuation. An administrative expense as a percentage of liabilities is added to the Normal Cost.

- a. The Normal Cost and Actuarial Accrued Liability used for this purpose will be calculated using the Entry Age actuarial cost method.
- b. The Actuarial Value of Assets used for this purpose will be a smoothed value that recognizes realized and unrealized investment gains and losses over 5 years but shall not be more than 120% or less than 80% of Market Value of Assets.

- c. The Unfunded Actuarial Accrued Liability will be amortized as a level dollar amount over a rolling 15-year period (i.e., open amortization).

Any changes in plan provisions will be amortized over a maximum of 15 years.

If the actuarial liability of the Plan/System attributable to active employees becomes less than 10% of the total actuarial liability, then the amortization basis will be revised from an open period to a closed period approach.

Minimum Actuarially Determined Contribution

In order to maintain adequate funding and to control the ADC volatility:

If the Funded Ratio (Pension Actuarial Value of Assets divided by Actuarial Accrued Liability) has increased to over 100% (all Unfunded Actuarial Accrued Liability has been fully amortized), the surplus will be amortized over a minimum of 15 years, up to 30 years.

Employer Contribution Amount and Timing

After the Board has adopted an ADC based on a given actuarial valuation, 100% of the ADC will be requested as the employer contribution to be paid by the Commission no later than one year after the date of the valuation, i.e., by the following July 1st (or the next business day).

Governance / Risk-Management Guidelines

Actuarial Valuations

Annually the Board's Consulting Actuary will perform an actuarial valuation for funding purposes.

Investment Return Assumption

The Board votes annually to consider the reasonableness of the investment return assumption and determine whether an adjustment is prudent based on the investment portfolio's asset allocation and forecast of long-term capital market return assumptions.

Experience Studies

At least every five (5) years the Board's Consulting Actuary will perform an Experience Study and Assumption Review. The Consulting Actuary will present recommendations (and accompanying reports, discussion, etc.) to the Board, which will have the option to accept or reject such. At the time of the Assumption Review, this Funding Policy shall also be reviewed for any necessary modifications. Any changes are also subject to legal review.

The actuarial assumptions are adopted by the Board in an effort to align the funding of the plan with actual demographic and economic experience, thus providing stability to the ADC over time.

To the extent that actual experience deviates from the assumptions, experience gains and losses will occur. These gains (or losses) then serve to reduce (or increase) future contributions.

Assumptions are generally grouped into two major categories:

- Demographic assumptions - which include withdrawal (termination), retirement, disability, and mortality rates, as well as assumptions regarding beneficiaries.
- Economic assumptions - which include inflation, investment return, and employee salary increases.

The assumptions adopted by the Board represent the actuary's best estimate of anticipated experience under the ERS and are intended to be long term in nature. Therefore, in developing the assumptions, the Consulting Actuary considers not only past experience, but also trends, external forces and future expectations. Despite the care with which actuarial assumptions are developed, actual experience over the short term is not expected to match these assumptions exactly.

Actuarial Audits

The Board will ensure a full-scope actuarial review or audit is conducted every five (5) years unless the Consulting Actuary has changed during that time and replicated the prior actuarial valuation at the time of engagement.

Actuarial Equivalence Assumptions

The actuarial equivalence assumptions will be reviewed at least every five (5) years during the Experience Study and Assumption Review to determine if any updates are needed. Updates are adopted via written Resolution.

Actuarial Deficiency Assumptions

The actuarial deficiency assumptions will be reviewed at least every five (5) years during the Experience Study and Assumption Review to determine if any updates are needed. Updates are adopted via written Resolution.

Glossary of Terms

Actuarial Cost Method: The technique used to allocate costs to various time periods.

Actuarial Accrued Liability (AAL): The portion of the Present Value of Projected Benefits that is attributed to past years of service by the Actuarial Funding Method. The AAL serves as a funding target at any given point in time.

Actuarial Value of Assets: The smoothed value of assets used by the Consulting Actuary in the actuarial valuation, for the purpose of reducing the impact of market fluctuations on the employers' contribution rate. The terms Total Actuarial Value of Assets and Pension Actuarial Value of Assets will be used to distinguish between values that include or exclude any special reserve balances.

Actuarially Determined Contribution (ADC): A target or recommended contribution for the reporting period, determined in conformity with Actuarial Standards of Practice based on the most recent measurement available when the contribution for the reporting period was adopted.

Entry Age Actuarial Funding Method: An Actuarial Funding Method that determines the plan's Normal Cost as a level percentage of pay over the working lifetimes of plan members.

Experience Gains and Losses: The difference between the experience anticipated by the actuarial assumptions and the plan's actual experience during the period between valuations. If actual experience

is financially more favorable to the System, it is a Gain, (e.g., higher investment return than expected). If actual experience is financially less favorable to the System, it is a Loss, (e.g., lower investment return than expected).

Funded Ratio: A measure of the ratio of plan assets to the Actuarial Accrued Liability (funding target) of the System. Plan assets can be the Pension Market Value of Assets or the Pension Actuarial Value of Assets.

Market Value of Assets: The total fair value of fund assets as reported in the System's financial statements. The terms Total Market Value of Assets and Pension Market Value of Assets will be used to distinguish between values that include or exclude any special reserves which are not used for funding pension benefits (e.g., Healthcare Reserve).

Normal Cost: The portion of the Present Value of Projected Benefits that is attributed to the current year by the Actuarial Funding Method. Also referred to as the Annual Benefit Cost.

Unfunded Actuarial Accrued Liability (UAAL): The portion of the Actuarial Accrued Liability not covered by plan assets. It is calculated by subtracting the Pension Actuarial Value of Assets from the Actuarial Accrued Liability.

Securities Litigation Policy

New policy under consideration

Procurement Policy

Purpose and Background

Purpose

This Procurement Policy establishes guidelines by which the ERS will procure goods and services which are in the best interests and needs of the ERS. Goods and services are to be procured in the most economical manner and with respect for the principles of competitive selection, full disclosure, objective evaluation, and proper documentation. Investment Management Agreements are exempt from this policy and will be governed by the Statement of Investment Policy.

Objectives

The objectives of this policy are to ensure that:

1. Contractual agreements for the purchase of goods and services are executed in a manner consistent with the ERS' fiduciary duties to its members and beneficiaries and in compliance with the Ethics Policy.
2. The procurement of non-investment goods and services from vendors are executed in a manner that is most efficient, transparent, economical, fair, meets the interests and needs of the ERS, and in compliance with this Procurement Policy, the Operating Budget and all applicable laws and regulations.
3. All contracting activities are performed by qualified individuals or firms with specifically delegated authority using sound business practices in an ethical manner.

Fair Consideration/Public Interest Policy

It is the policy of the Board that it does not discriminate in its procurement process. The Board desires that staff consider qualified minority owned firms, consistent with their fiduciary duties to the ERS. It is

the Board's intention to give such firms consideration in their efforts to fulfill the ERS' procurement requirements.

As used in this Procurement Policy, a minority firm shall be defined as a firm that is majority owned by one, or any combination of the following groups: African American, Asians (including Pacific Islanders), Native American, Hispanic American, women and persons with physical or mental disabilities. The ERS will use resources, for instances the Small Business Administration (SBA) vendor lists or other supplier diversity websites and lists, to obtain qualified minority, woman, and disabled owned businesses. The ERS may also leverage qualified vendor lists maintained by the Commission. The ERS will not discriminate against any vendor based on age, gender, race, creed, national origin, or disability in its effort to solicit and secure the most qualified vendor.

Roles and Responsibilities

Board of Trustees

The role of the Board of Trustees is to:

1. Ensure the selection of Service Providers is completed in compliance with this Procurement Policy.
2. Establish appropriate policies and procedures to make certain selection decisions are prudent and sound.
3. Select and terminate certain Service Providers.
4. Negotiate, or delegate authority to negotiate to the Executive Director, terms, and conditions of contracts for the purchase of goods and services in the best interests of the ERS.
5. The Board may authorize the Executive Director to execute through signature approval contracts engaged by the ERS.

Administration & Personnel Oversight Committee

The role of the Administration & Personnel Oversight Committee is to:

1. Review, along with the Executive Director and Deputy Executive Director, Requests for Proposal responses to provide actuarial services and actuarial audit services for the ERS.
2. Recommend the appointment and termination of the Actuary and recommend changes to the actuarial consulting services agreement.
3. Recommend the appointment of an Actuarial Auditor; per the Pension Funding Policy a full scope actuarial audit is conducted every five years unless the Consulting Actuary has changed during that time and replicated the prior actuarial valuation at the time of engagement.
4. Review, along with the Executive Director and Deputy Executive Director, Requests for Proposal or Requests for Information responses, to provide miscellaneous services (i.e. organizational study, etc.), as may be delegated by the Board.
5. Recommend the appointment or termination for miscellaneous services and recommend changes to the service agreements.

Audit Committee

The role of the Audit Committee is to:

1. Review, along with the Executive Director and Deputy Executive Director, Requests for Proposal responses to provide audit services for the ERS.

2. Recommend the appointment and termination of the Auditor and recommend changes to the audit services agreement.
3. Engage and terminate miscellaneous Service Providers as necessary to fulfill its responsibilities.

Investment Monitoring Group

The role of the Investment Monitoring Group is to:

1. Review, along with the Executive Director and Deputy Executive Director, Requests for Proposal responses to provide investment consulting services for the ERS and recommend finalists to the Board.
2. Recommend the termination of the Investment Consultant and recommend changes to the investment consulting services agreement.
3. Review, along with the Executive Director and Deputy Executive Director, Requests for Proposal responses or Requests for Information responses for custodial services and recommend finalists to the Board.
4. Recommend the termination of the Custodian Bank and recommend changes to the custodial services agreement, including fee amendments.

Executive Director

The role of the Executive Director is to:

1. Approve the purchase of goods and services procured for the ERS.
2. Ensure purchases are procured in a reasonable and prudent manner and align with the approved Operating Budget.
3. Execute contracts for goods and services, as delegated by the Board.
4. Keep the Board apprised of contract actions as necessary for the Board to carry out its oversight function.
5. Oversee the entire procurement process and its effectiveness and efficiency through the execution of sound practices, policies, and procedures. Discourage fraud, waste, and abuse of ERS assets and resources.
6. Manage all contracts entered on behalf of the ERS.
7. Monitor the expiration dates of all contracts to ensure either the timely extension of the contract term or timely issuance of a Request for Proposal.
8. Draft Requests for Proposals and Requests for Information, review responses, and ensure fair and equitable practices are being exercised in the selection process that is most economically beneficial to the ERS.
9. Negotiate terms and conditions of contracts in the best interests of the ERS for the purchase of goods and services.
10. Review the Service Provider's Certificate of Insurance to verify compliance with the ERS requirements for coverage.
11. Be an ERS corporate credit card holder.

Deputy Executive Director

The role of the Deputy Executive Director is to:

1. Work in concert to support the Executive Director in fulfilling the responsibilities outlined in the Procurement Policy.

2. The Deputy Executive Director shall, as stipulated by the Board approved Contingency Resolution, exercise signature authority in procurement matters or transactions that require immediate attention and/or action during an extended and/or unexpected absence of the Executive Director or to prevent the interruption of normal activities of the ERS.
3. Be an ERS corporate credit card holder.

Office of General Counsel

The role of the Maryland-National Capital Park & Planning Commission's Office of General Counsel or their designee is to:

1. Review contracts before execution for compliance with legal requirements and to provide an assessment of risk to the ERS.
2. Assist the Executive Director and Deputy Executive Director in preparing Requests for Proposals and other solicitations when requested.
3. Assist the Executive Director in the negotiation of contractual terms and conditions when requested.
4. Assist the Executive Director in developing necessary and preferred terms and conditions.
5. Provide certification of legal sufficiency prior to contract execution.

Non-Competitive Procurement

Routine Goods and Services

Some expenses are budgeted on an annual basis. These procurements are not subject to a public competitive solicitation process although informal quotes will be obtained, and efforts will be made to receive the best value for the ERS which means the overall combination of quality, price, warranty maintenance requirements, and various elements of required services that in total best meets the ERS' needs. The Board may direct that a competitive process be conducted for the purchase of routine goods and services at any time. Written agreements and invoices are required for most procurements. Routine goods and services include but are not limited to the following:

Office supplies, postage, furniture, office equipment, insurance, subscriptions, memberships, employee reimbursement, travel, training, and conferences provided for ERS staff and trustees, bank and custody fees, legal services, visiting speakers for workshops, catering, services for moving, office renovations, professional and consulting services engaged to supplement or support staff, computer hardware, software and cloud services, payroll and time keeping services.

Credit Card Use

The ERS allows the issuance of two (2) corporate credit cards at a time. One will be issued to the Executive Director and a second will be issued to the Deputy Executive Director. Credit cards are furnished as a convenience, for the efficiency of routine purchases.

Credit cards are typically used for:

- Meals
- Lodging
- Travel
- Conference and Seminar Registration
- Vehicle Rentals
- Memberships

- Subscriptions
- Purchase of office supplies and office furniture

The credit card holder is responsible for providing supporting documentation (receipts, bill, invoices, etc.) to support all credit card purchases. This documentation will be used for expenditure review and credit card bill payment approval. The ERS Accountant will follow-up on any unexplained or undocumented credit card charges with the credit card holder. ERS credit card holders are responsible for the safe storage and physical security of their issued credit card and the protection of the credit card number while making purchases online. Credit card holders should make every attempt to prevent fraud, waste, or abuse of the ERS' resources and assets.

Non-Competitive Procurement Procedure

Purchases <\$25,000

Where the contract value of goods or services (including professional services) is less than \$25,000, the selection of the goods or Service Provider will be based on a less formal competitive process resulting in at a minimum one written or oral quote from a qualified source. Quotes can be obtained from means such as websites, email, catalogs, price lists, and letters. The Executive Director may authorize the purchase of goods or services (including professional services) based on the best interests and needs of the ERS.

All contracts shall be reviewed by legal counsel prior to execution. All contracts shall be signed on behalf of the ERS by the Executive Director and a copy of each contract shall be retained on file. In all aspects involving procurement, purchasing, and contracting, whether or not a competitive solicitation process is utilized, ERS employees shall comply with the Ethics Policy and will notify the Executive Director, or legal counsel, if they have reason to believe that there have been any violations of the Ethics Policy or that that collusion, bribery, or other unethical or illegal activities have occurred.

Contract

A contract is required for all professional services. A contract is a legal agreement between the ERS and vendor for an exchange of goods or services.

The Executive Director has the authority to enter a contract on behalf of the ERS up to twenty-five thousand dollars (\$25,000). Unless authority has been granted to an individual by the Executive Director, only the Executive Director has the authority to enter into a purchase agreement or otherwise obligate the ERS, provided the procurement is an approved budget item. The Executive Director may make modifications and/or amendments to contracts awarded if the cost of the modification is within the amount budgeted or is within the originally established contract contingency.

All contracts greater than or equal to twenty-five thousand dollars (\$25,000) and amendments or modifications greater than or equal to ten percent (10%) of the original contract or greater than twenty-five thousand dollars (\$25,000) must be approved by the Board, signed by the Chair, and attested to by the Executive Director.

The Executive Director is responsible for the management of all contracts.

Competitive Search and Selection Procedure

Purchases >\$25,000

To procure professional services valued over \$25,000, the ERS must execute a public competitive solicitation process (except those noted as Routine Goods and Services) by issuing a Request for Proposal. Professional service contracts over \$25,000 must go out for bid every seven (7) years. This

includes contracts for investment consulting, actuary, and audit services. The ERS will use websites and industry publications, such as Pension & Investments, to appropriately advertise solicitations. The ERS may use the Commission's *OpenGov* procurement module to obtain, review, score and select providers. The Executive Director and Deputy Executive Director shall draft and issue Requests for Proposals. The Executive Director, Deputy Executive Director, the Investment Monitoring Group, the Audit Committee, and the Administration & Personnel Oversight Committee will collectively review proposal submissions. The assigned Committee will recommend selected finalist(s) to the Board for review prior to final selection and approval.

Emergency Procurement

The Executive Director, with the approval of the Board Chair, may waive the competitive bidding requirements in instances of an emergency to prevent the interruption of normal business. An emergency is defined as a serious unexpected and often dangerous situation requiring immediate action.

In addition to waivers of competition for emergency purchases, the Board Chair may also waive competition for purchases if in the best interest of the ERS. The purpose of waivers of competition is to expedite the purchasing process when public competition is not in the best interest of the ERS. Waivers should be used sparingly.

Approval Guidelines

Monetary Threshold Single Purchase or Contract	Approver	Procurement Type	Payment Type
< \$25,000	Executive Director	Direct Purchase of Goods or Services	PO, Corporate Credit Card, Check, or EFT
> \$25,000	Board of Trustees	Competitive Bidding – RFP	Check or EFT

Procurement with the Commission

The ERS may participate in a joint procurement with the Commission if the ERS is satisfied that the process employed and goods and services to be procured are (a) of satisfactory quality and meet the technical requirements of the project; (b) delivered or completed in a timely fashion; (c) procured at market prices; and (d) in the best interests of the ERS.

Procurement with Other Government Agencies

If approved by the Board, the ERS may enter into a procurement agreement with one or more other government agencies for the purpose of performing a specific function. The circumstances warranting procurement with other government agencies includes:

1. A procurement agreement where the ERS lacks the necessary capacity to perform the contract on its own, and the agreement is fair and equitable; or
2. A procurement agreement will be of substantial benefit to the ERS.

Policy Review

The Administration & Personnel Oversight Committee will review this policy every three (3) years to ensure it remains relevant and appropriate. The Committee will then present any revised versions of this policy to the Board for approval and adoption. This policy was adopted by the Board on March 4, 2008, and revised on May 7, 2013, and June 4, 2024.

Records Retention Policy

Full section text under review

Open Trustee Election Policy

Purpose

The purpose of this Election Policy is to establish a transparent and accessible process for electing the Open Trustees. This Election Policy includes a defined series of steps and procedures for conducting an election to facilitate effective communication and accountability.

Objectives

1. A transparent process for nominations and elections.
2. A fair and impartial election process.
3. A workable schedule for the conduct of elections.
4. Protection of candidate and voter privacy in the election process.
5. A defined process for filling trustee vacancies.

Election Policy for Open Trustees

Elections for Prince George's, Montgomery, and Bi-County Open Trustees are conducted by the ERS. This includes, but is not limited to, time, method, notice of election and certification of the votes. Ultimate authority and governing rights rest with the ERS and the Board.

Each election shall be conducted in accordance with this Election Policy, which may be modified or amended from time-to-time by the Board. The Executive Director shall select an Election Supervisor who is not a candidate or Trustee to oversee the procedural aspects of the entire election process. The Election Supervisor shall develop a timetable that allows adequate time for each stage of the election process and may assign specific election duties to appropriate ERS staff.

Open Trustee Candidate Eligibility

The Plan Document defines the eligibility requirements for Prince George's, Montgomery, and Bi-County Open Trustees. This Election Policy will act in accordance with the Plan Document.

Schedule of Election

Three (3) months prior to the expiration of an Open Trustee's term, notification must be made, publicly, regarding the Trustee position and vacancy. Below is the schedule outlining the steps for an Open Trustee election.

Description	Timetable	Duration
Call for Nominations	3 months prior to term expiration	2 weeks
Candidate Statement Deadline	Submission due by 5pm close of business, exactly 2 weeks following Call for Nominations	N/A
Notice of an Election	5 business days after the Candidate Statement Deadline	4 weeks
Electronic Ballot Distribution	10 business days after the Candidate Statement Deadline	2 weeks
Declaration of Election Results	1 week after Electronic Ballots have been Talled	N/A

Board Acknowledgement	Selected Candidate presented at the next scheduled Board of Trustees Meeting	N/A
Commission Acknowledgement	Selected Candidate presented at the next scheduled Commission Meeting	N/A

Call for Nominations

A Call for Nominations shall be announced three (3) months prior to the expiration of the Open Trustee term. The announcement will be communicated to eligible candidates in a media form that is appropriate for the distribution to those candidates. For example, the Bi-County Open Trustee Call for Nominations will only be announced to Bi-County Commission employees (Commission's Department of Human Resources and Management, the Finance Department, or the Legal Department or their applicable successors). This can include, but is not limited to email blasts, ERS website posts, and electronic newsletters.

The Call for Nominations will announce:

- The Open Trustee position (i.e. Montgomery, Prince George's, or Bi-County).
- Term of Office.
- Instructions for submitting a Candidate Statement.
- Eligibility requirements.

The Call for Nominations shall be open for two (2) consecutive weeks. An accurate record of all Candidate Statements, including the names of the nominees and positions for which they were nominated or applied shall be kept for record purposes in accordance with the ERS' Records Retention Policy. All candidates must meet the eligibility requirements as specified by the Plan Document.

- All candidates shall be notified by the Executive Director of their eligibility.
- Ineligible candidates shall be advised in writing of the specific reason(s) for disqualification.
- All eligible candidates shall receive a candidate packet that includes the Board of Trustees Job Description and ERS Governance Manual.
- It is highly recommended that candidates interested in serving as a Trustee contact the Executive Director to gain a full understanding of the role, responsibilities, policies, procedures, and activities of the Board and ERS prior to submitting a Candidate Statement.

Candidate Statements

Letters of Interest shall be in the form of a "Candidate Statement". A Candidate Statement is a written statement, by an eligible employee, requesting to have his/her name placed on the Election Ballot. The Candidate Statement may contain a brief resume of Commission employment, relevant experience, other interests, and personal data pertinent to serving as a trustee. Candidate Statements must include the nominee's: full legal name, job title and position, work location, work telephone number and the trustee position for which the nominee is applying. Candidate statements are limited to a maximum length of 500 words. There is no minimum. One Candidate Statement shall be permitted per nominee. All Candidate Statements must be received by the specified deadline as stated in the Call for Nominations. The ERS is not responsible for any Candidate Statement that is lost, late, misdirected, incomplete, altered, or illegible. All Candidate Statements become the property of the ERS and will not be returned. Candidate Statements can be submitted via email to ersboard@mncppc.org.

Notice of an Election

If there is only one (1) eligible candidate, then no election shall be conducted. The Board Chair shall declare the candidate to be elected by acclamation at the next regularly scheduled meeting of the Board, in accordance with Section 46 of Robert's Rules of Order¹ and the Commission shall acknowledge the successful candidate. If there are two (2) or more eligible candidates, a formal election will take place as outlined within this Election Policy. The candidate receiving the highest number of votes shall be acknowledged by the Board and Commission.

A Notice of Election shall be communicated in a media format appropriate for the distribution to eligible voters. The Notice of Election must specify the Open Trustee seat to be filled, the method of election, the deadline for electronic ballot submissions, ERS contact information, and all eligible Candidate Statements.

Election Ballots

All members eligible to vote will receive electronic ballots. The parameters for determining members eligible to vote in an Open Trustee election are defined within the Plan Document and are therefore applicable to this Election Policy. The ERS shall use a third-party website such as, Survey Monkey (www.surveymonkey.com) to manage electronic voting. A copy of all the information on the Notice of Election and the Candidate Statements will be included with the electronic ballot.

Electronic Ballots

- (1) All members eligible to vote who have valid work email addresses on file will be emailed (i) voting instructions and contact information, (ii) a list of certified candidates and their Candidate Statements; and (iii) a statement of powers and duties of Board members.
- (2) Voters will be able to mark their selection for each applicable seat and make changes before confirming their final selections.

Staff will use the most recent Commission data to determine eligible voting populations and to email eligible voters. Personal email addresses are not permitted.

A voter's Electronic Ballot shall be disqualified, at the sole discretion of the ERS, if the voter attempts (i) to submit a Ballot through any means other than as described in this Election Policy; or (ii) to disrupt the election, circumvent the terms and conditions of this Election Policy or in any way tamper with the election. If either of the above occurs, the ERS has the right to remedy any such action, disruption, or circumvention.

Ballot Tally Completeness Check and Count Integrity Procedures

The Election Supervisor shall close the electronic poll on *Survey Monkey* at 5:00 p.m. on the last voting day to ensure no last-minute ballots are cast. The Election Supervisor will maintain candidate and voter confidentiality when reviewing ballots and ensure count integrity.

¹ Robert's Rules of Order, Newly Revised, 10th Edition. "When only one nominee is put up and the bylaws do not require a ballot, the chair can take a voice vote, or declare that the nominee is elected, thus effecting the election by unanimous consent or "acclamation."

Declaration of Election Results

The candidate receiving the most votes shall be designated as the winner. The Election Supervisor shall review all Electronic Ballots, confirm the eligible and ineligible ballots to ensure accuracy of the total count, and maintain election materials in accordance with the ERS' Records Retention Policy.

The Executive Director shall notify all the candidates of the election results. At the next regularly scheduled Board meeting, the Election Supervisor shall prepare an Election Report that includes the Trustee office, term of office, date of election, names of the candidates, the number of votes cast, the number of votes cast for each candidate, and the number of ineligible electronic ballots. The Board shall acknowledge the successful candidate. At the next regularly scheduled Commission meeting, the Commission shall acknowledge the successful candidate. An announcement of all newly elected Trustees shall be made in the Commission's Newsletter and on the ERS' website.

Withdrawal

A candidate who wishes to withdraw from the election must notify the Executive Director of their desire to do so by the close of business (5:00 p.m.) on the day preceding the close of the Call for Nominations. Due to the timing of events, a candidate cannot withdraw from the election AFTER the close of the Call for Nominations. If a candidate is designated as the winner and does not wish to accept the office, the candidate must notify the Executive Director in writing. The ERS will conduct a new election in accordance with this Election Policy.

Campaigning Guidelines

Assets of the ERS and Commission cannot be used to support any person's candidacy in the election including, but not limited to cash, facilities, equipment, and supplies. A candidate may campaign at their expense. A candidate cannot campaign on time paid for by the ERS or the Commission. It is the responsibility of each candidate to know and to comply with the Commission's Merit System Rules and Regulations, Practices and Procedures regarding campaigning activities including, but not limited to distribution of campaign literature and use of work hours.

Disclaimers

The ERS is not responsible for error, omission, interruption, deletion, defect, delay in operations or transmission, theft or destruction or unauthorized access to or alterations of election materials including but not limited to Candidate Statements and Electronic Ballots or for malfunctions of any kind, or inaccurate submissions of or failure to receive ballot information by the ERS on account of technical problems.

FOP & MCGEO Selection Policy

Full section text under review

Commissioner Appointment Policy

New policy under consideration












Executive Director Performance Evaluation Policy

New policy under consideration

Index

History of Charter/Policy Adoptions and Revisions

Charter/Policy	Summary of Adoption and Revisions
Roles and Responsibilities (formerly Rules of Procedure) Composition of the Board of Trustees Powers of the Board Roles and Responsibilities of the Board Roles and Responsibilities of the Chair and Vice Chair Roles and Responsibilities of the Executive Director (Administrator)	 Approved at the September 2, 2003 Board Meeting  Revised at the February 1, 2011 Board Meeting  Revised at the April 5, 2011 Board Meeting  Revised at the February 3, 2015 Board Meeting  Revised at the April 7, 2020 Board Meeting  Revised at the February 7, 2023 Board Meeting  Revised at the May 2, 2023 Board Meeting  Revised at the September 5, 2023 Board Meeting
Investment Monitoring Group Charter	 Approved at the February 7, 2023 Board Meeting  Revised at the July 2, 2024 Board Meeting
Audit Committee Charter	 Approved at the March 3, 2009 Board Meeting  Revised at the February 7, 2023 Board Meeting
Administration and Personnel Oversight Committee Charter	 Approved at the May 7, 2002 Board Meeting  Revised at the February 7, 2023 Board Meeting  Revised at the July 2, 2024 Board Meeting
Board Meeting Protocol (formerly <i>Board of Trustees</i> section of the Rules of Procedure)	 Approved at the February 7, 2023 Board Meeting  Revised at the May 2, 2023 Board Meeting  Revised at the September 5, 2023 Board Meeting
Ethics Policy	 Approved at the May 2, 2023 Board Meeting
Travel Policy	 Approved at the May 3, 2005 Board Meeting  Revised at the February 7, 2023 Board Meeting  Revised at the September 5, 2023 Board Meeting
Conference Attendance Policy	 Approved at the March 7, 2006 Board Meeting  Revised at the February 7, 2023 Board Meeting
Education Policy (formerly the Trustee Training Requirements and Guidelines)	 Approved at the September 2, 2003 Board Meeting  Revised at the February 1, 2011 Board Meeting  Revised at the September 5, 2023 Board Meeting

Board Self-Evaluation Policy	
Pension Funding Policy	<ul style="list-style-type: none">  Approved at the February 3, 2015 Board Meeting  Revised at the December 6, 2016 Board Meeting  Revised at the March 6, 2018 Board Meeting  Revised at the February 7, 2023 Board Meeting  Revised at the September 5, 2023 Board Meeting
Securities Litigation Policy	
Procurement Policy	<ul style="list-style-type: none">  Approved at the March 4, 2008 Board Meeting  Revised at the May 7, 2013 Board Meeting  Revised at the July 2, 2024 Board Meeting
Records Retention Policy (formerly Records Management Guidelines/Archives Policy)	
Open Trustee Election Policy (formerly Board of Trustee Election Policy and Procedure/Election Policy and Procedure)	<ul style="list-style-type: none">  Approved at the March 5, 2002 Board Meeting  Revised at the June 7, 2011 Board Meeting  Revised at the July 2, 2024 Board Meeting
FOP & MCGEO Selection Policy (formerly Board of Trustee Election Policy and Procedure/Election Policy and Procedure)	
Commissioner Appointment Policy	
Executive Director Performance Evaluation Policy	

Appendices

Appendix A

ERS Travel Expense Authorization or Cash Advance Form

Travel Expense Authorization

ERS Travel Expense AUTHORIZATION AND/OR CASH ADVANCE Form							
NAME AND TITLE		CONFERENCE NAME, LOCATION, AND DATE					
DESCRIPTION	DATE PAID	REGISTRATION	LODGING	TRAVEL	MEALS (INCL. TIPS)	MISC./TIPS	TOTAL
Expenses Prepaid by Attendee							
Total Amount Due to Attendee for Reimbursement		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Expenses Prepaid by ERS							
Total Amount of Expenses Prepaid by the ERS		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cash Advance Expense Detail							
REGISTRATION							
LODGING							
TRAVEL: Airfare, Train, Rental Car							
TRANSPORT to/from AIRPORT (Rideshare, Cab, Self-park)							
TRANSPORT to/from HOTEL (Rideshare/Cab)							
MEALS:							
Per Diem \$74.00							
Breakfast \$16.00							
Lunch \$20.00							
Dinner \$26.00							
MILEAGE \$0.67/mile							
Rideshare/Cab							
Total Cash Advance Amount		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Expense Category Totals		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Attendee Prepaid Expenses							\$ -
ERS Prepaid Expenses							\$ -
Cash Advance Amount							\$ -
TOTAL Estimated Travel Expense							\$ -
Traveler: (Signature and Date)*		Report Prepared by: (Signature and Date)					
*Your signature confirms your agreement to the travel expense		Approving Authority: (Signature and Date)					

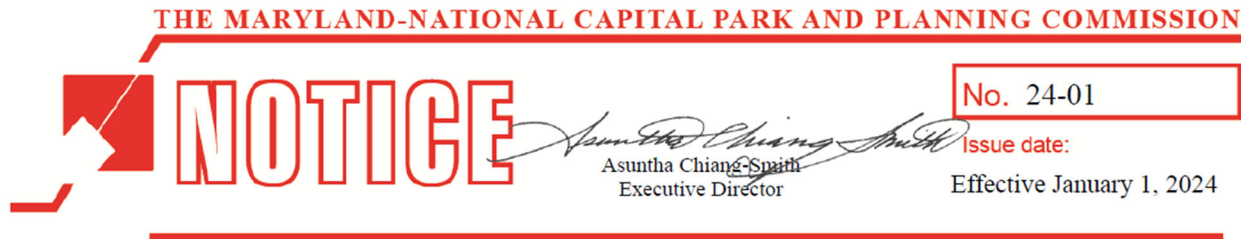
Appendix B

ERS Expense Report

ERS Travel Expense Report

Name and Title		EMPLOYEES' RETIREMENT SYSTEM (ERS) TRAVEL EXPENSE FORM					
Conference Name, Location, and Date		Classification of Expense					
		Registration	Travel	Lodging	Meals (Incl. Tips)	Mileage	Misc./Tips
Date	Details of Travel						
	Registration						
	Lodging						
	Travel: Airfare, Train, Rental Car						
	Meals - Day 1						
	Day 2						
	Day 3						
	Day 4						
	Mileage						
	Maid Tips						
	Cab/Rideshare						
	Parking						
	Totals	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
		GRAND TOTAL (1)					
Date	Details of Reimbursement and Cash Advance: Include Check No., Date, and Payee						
Report Submitted by: (Signature and Date)		TOTAL REIMBURSEMENT AND/OR ADVANCES (2)					\$ -
		If Line (1) is Greater than Line (2) - DUE ME					\$ -
Approving Authority: (Signature and Date)		If Line (2) is Greater than Line (1) - DUE ERS (Attach Check)					

Revised: 4/4/2024



2024 PER-DIEM RATE FOR AUTHORIZED BUSINESS MEALS

Background

M-NCPPC Administrative Practice 3-10, *Authorized Business Expenses: Travel, Lodging, Meals, Events/Meetings/Conferences, Etc.*, establishes policy on the reimbursement of meals when taken in conjunction with authorized business events, meetings, conferences, and training.

On an annual basis, the Executive Director reviews meal reimbursement rates, and issues necessary adjustments. Per diem rates are established in consideration of the U.S. General Services Administration's (GSA) schedule for Montgomery and Prince George's County and the Washington D.C. Metropolitan Area, as well as policies of local jurisdictions.

Notice

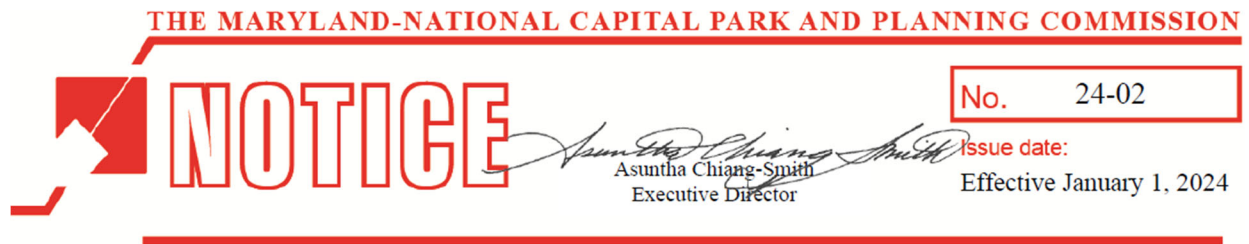
Pursuant to the authority granted to the Executive Director under Practice 3-10, the agency's authorized meal per diem rate for the calendar year 2024 is \$74.00/day and remains unchanged from 2023. The individual allowance for each meal is as follows:

Breakfast: \$18.00

Lunch: \$20.00

Dinner: \$36.00

Total: \$74.00



2024 EXPENSE REIMBURSEMENT FOR MILEAGE

This Notice updates Notice 23-02 (2023 Expense Reimbursement for Mileage) to increase the mileage reimbursement amount from \$0.655 to \$0.67 cents, effective January 1, 2024, through December 31, 2024.

Background

Pursuant to M-NCPPC Administrative Practice 3-10, *Authorized Business Expenses: Travel, Lodging, Meals, Events/ Meetings/Conferences, Etc.*, employees may be approved for reimbursement of mileage when they use their personal vehicle to conduct Commission business. This approval is subject to approval by the employee's respective Department Director and available funding.

Recently, the Internal Revenue Service (IRS) issued an updated mileage standard, increasing the reimbursement to \$0.67 cents per mile effective January 1, 2024. This rate replaces the rate of \$0.655 cents per mile in effect from July 1 through December 31, 2023.

Notice

Pursuant to the authority granted to the Executive Director under Practice 3-10, and with consideration of the updated IRS standards, the updated mileage reimbursement rate of \$0.67 per mile will be in effect throughout calendar year 2024.